



中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
HKEx Stock Code: 3883

2020 ANNUAL
REPORT

*Solid Foundation for
Steady and Sustainable Development*



Group Introduction

China Aoyuan was listed on the Main Board of the Stock Exchange on 9 October 2007 (Stock Code: 3883), and is a constituent of MSCI China Index, Hang Seng Composite LargeCap & MidCap (Investable) Index, Hang Seng Stock Connect Index and Hang Seng Stock Connect Greater Bay Area Composite Index. As the pioneer of composite real estate in China, China Aoyuan integrated related themes into real estate development, with an aim to create harmonious and excellent living experience and cultural values for customers with the concept of “building a healthy lifestyle”.

The Group focuses on Guangdong – Hong Kong – Macao Greater Bay Area, with a nationwide layout covering four major regions – South China, core region of Central and Western China, East China, and Bohai Rim. China Aoyuan has established an extensive urban redevelopment layout and is a top notch player of urban redevelopment in the Greater Bay Area. China Aoyuan will continue to deepen its strategy of “one core business with vertical development” through promoting two-way empowerment and synergy between Quality Living (core property business) and Joyful & Healthy Lifestyle (non-property business). China Aoyuan currently owns listed companies including China Aoyuan (3883.HK), Aoyuan Healthy (3662.HK) and Aoyuan Beauty Valley (000615.SZ).

In the future, the Group will continue to breathe new life into the concept of “building a healthy lifestyle” and become the leader of healthy life, achieving sustainable and high-quality development to lay a solid foundation for becoming a sustainable and lasting enterprise.

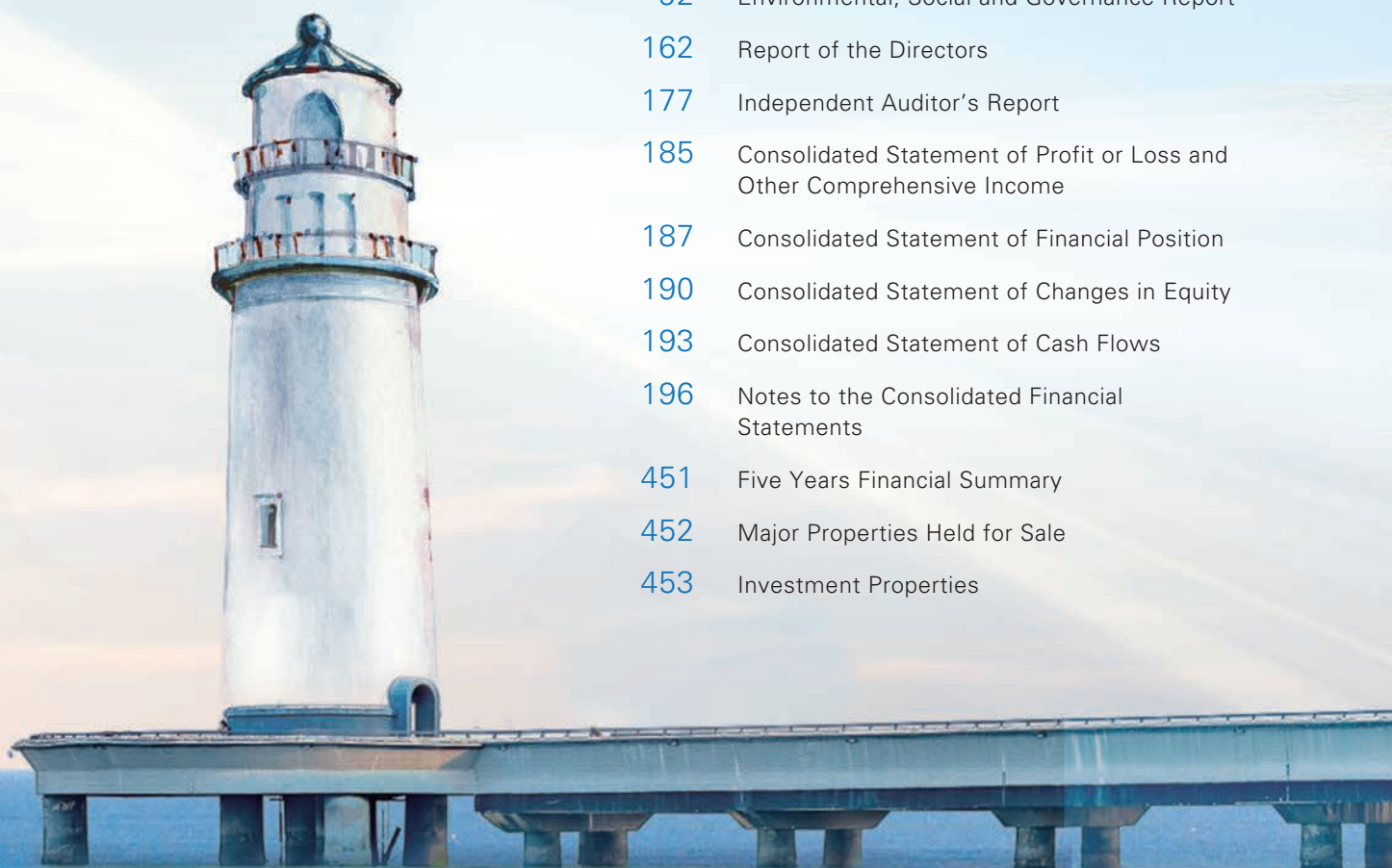
Concept of Cover Design:

With a strategic layout of “one core business with vertical development”, China Aoyuan has had a forward-looking business layout in urban redevelopment in the Greater Bay Area and expanded proactively into non-property businesses which empowers the core property business, in an effort to achieve new growth and be a sustainable and lasting enterprise.

The lighthouse, as a navigation mark, emits two rays of light to illuminate the vast blue ocean. The light ray on the left illuminates China Aoyuan’s urban redevelopment residential project – Guangzhou Aoyuan-Henderson Academy No.1 (廣州奧園•恒基學苑一號), symbolizing urban redevelopment as one of the core competitive edges of China Aoyuan and its status as a top notch player of urban redevelopment in the Greater Bay Area. On the other hand, the light ray on the right illuminating far-afield places symbolizes boundless opportunities for China Aoyuan’s non-property business. The property business and non-property businesses are connected through the lighthouse, symbolizing two-way empowerment and synergy between Quality Living segment (core property business) and Joyful & Healthy Lifestyle segment (non-property business). Meanwhile, the lighthouse also symbolizes that China Aoyuan attracts and nurtures “lighthouse-style” talents, builds a first-class and entrepreneurial elite team, and promotes sustainable development with forward-looking thinking.

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“2020 AGM”	the annual general meeting of the Company held on Friday, 22 May 2020
“2021 Annual General Meeting” or “2021 AGM”	the annual general meeting of the Company to be held on Tuesday, 25 May 2021
“Aoyuan Beauty Valley”	Aoyuan Beauty Valley Technology Co., Ltd (formerly known as Kinghand Industrial Investment Group Co., Ltd.), the shares of which are listed on Shenzhen Stock Exchange
“Aoyuan Healthy Life Group” or “Aoyuan Healthy”	Aoyuan Healthy Life Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662)
“Articles of Association”	the articles of association of the Company currently in force
“Audit Committee” or “AC”	audit committee of the Company
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“CG Code”	Corporate Governance Code set out in Appendix 14 to the Listing Rules
“chief executive”	has the meaning ascribed to it under the Listing Rules
“Company” / “China Aoyuan”	China Aoyuan Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dividend Policy”	a dividend policy adopted by 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 People’s Republic of China
“INED(s)”	the independent non-executive director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee” or “NC”	nomination committee of the Company
“PRC”	the People’s Republic of China
“Remuneration Committee” or “RC”	remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 29 May 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules
“%”	per cent

High-end “Yunfeng Series” Projects



GUANGZHOU AOYUAN-HENDERSON ACADEMY NO.1
Artists impressions for reference



QINGDAO AOYUAN-HAIER JADE SKY
Actual image





CHENGDU AOYUAN ONE PENINSULA

Actual image



CHENGDU AOYUAN LUYU ONE

Actual image

BOARD OF DIRECTORS

Executive Directors

Mr. Guo Zi Wen (*chairman*)
Mr. Guo Zi Ning
(*vice chairman and chief executive officer*)
Mr. Ma Jun (*co-president*)
Mr. Chen Zhi Bin (*co-president and
chief financial officer*)
(*appointed on 27 January 2021*)
Mr. Chan Ka Yeung Jacky
(*senior vice president*)
Mr. Zhang Jun (*senior vice president*)
(*appointed on 14 April 2020*)

Independent Non-Executive Directors

Mr. Tsui King Fai
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(*appointed on 13 April 2021*)
Mr. Hu Jiang (*resigned on 13 April 2021*)

AUDIT COMMITTEE

Mr. Cheung Kwok Keung (*chairman*)
Mr. Tsui King Fai
Mr. Lee Thomas Kang Bor
(*appointed on 13 April 2021*)
Mr. Hu Jiang (*resigned on 13 April 2021*)

REMUNERATION COMMITTEE

Mr. Tsui King Fai (*chairman*)
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(*appointed on 13 April 2021*)
Mr. Hu Jiang (*resigned on 13 April 2021*)

NOMINATION COMMITTEE

Mr. Guo Zi Wen (*chairman*)
Mr. Tsui King Fai
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(*appointed on 13 April 2021*)
Mr. Hu Jiang (*resigned on 13 April 2021*)

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan
Ms. Lee Mei Yi

AUTHORISED REPRESENTATIVES

Mr. Guo Zi Wen
Mr. Guo Zi Ning

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

CORPORATE WEBSITE

www.aoyuan.com.cn

STOCK CODE

3883.HK



PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
PingAn Bank Co., Ltd.
China Bohai Bank Co., Ltd.
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
China Merchants Bank Co., Ltd.
The Bank of East Asia, Limited
China Everbright Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
Hua Xia Bank Co., Limited
Bank of Guangzhou Co., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
Guangdong Huaxing Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Resources Bank of Zhuhai Co., Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Aoyuan Tower
No. 48, Wanhui Yi Road
Panyu District, Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1901-2, 19th Floor, One Peking
No. 1 Peking Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Email: ir@aoyuan.net
Telephone: (852) 3622 2122
(86) 20-3868 6666
Facsimile: (852) 2180 6189
(86) 20-3868 6688

Urban Redevelopment Projects in Greater Bay Area



GUANGZHOU AOYUAN WANGYUE CITY
Actual image



GUANGZHOU LIWAN DONGLONG PROJECT
Artists impressions for reference





ZHUHAI AOYUAN XIANGZHOU TIANDI
Artists impressions for reference



SHENZHEN LONGGANG PROJECT
Artists impressions for reference

RESULTS HIGHLIGHTS

For the year ended 31 December 2020
(RMB'000)

	2020	2019
Revenue	67,793,792	50,531,150
Gross profit	17,008,857	15,021,166
Net profit	7,051,046	5,221,830
Core net profit	5,980,704	5,123,190
Earnings per share (cents)		
– Basic	218.84	156.48
– Diluted	218.71	156.16

REVENUE ANALYSIS

For the year ended 31 December 2020
(RMB'000)

	2020	2019
Property development	64,416,624	48,090,825
Property investment	238,825	273,011
Others	3,138,343	2,167,314
Total	67,793,792	50,531,150

PROPERTY DEVELOPMENT REVENUE ANALYSIS

For the year ended 31 December 2020

	Sold and Delivered Revenue (RMB' million)	Area ('000 sq.m.)
Residential apartments	52,640	5,946
Commercial apartments	4,404	359
Retail shops and others	3,446	243
Low-density residential	3,927	342
Total	64,417	6,890



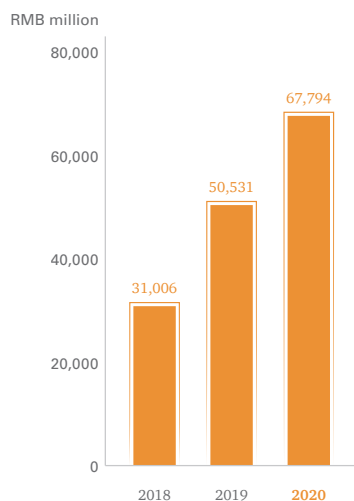
BALANCE SHEET SUMMARY

For the year ended 31 December 2020
(RMB'000)

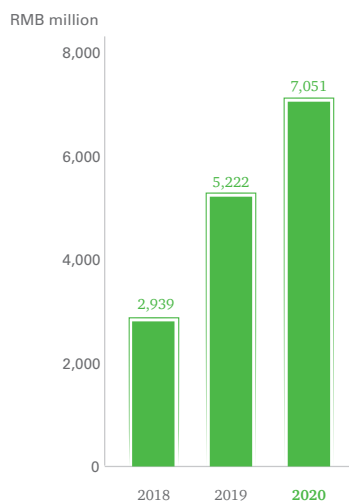
	2020	2019
Total assets	325,678,456	289,880,433
Total liabilities	271,425,810	252,883,825
Total equity	54,252,646	36,996,608

THREE YEARS FINANCIAL HIGHLIGHTS

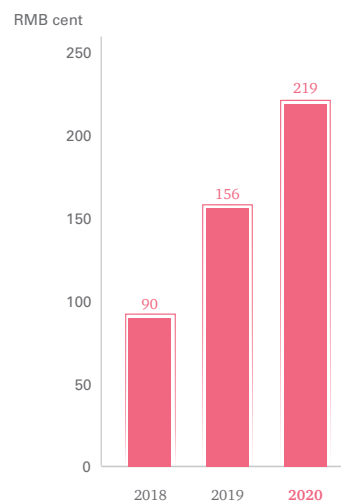
REVENUE



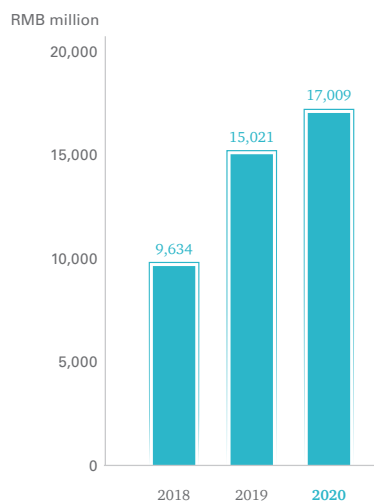
NET PROFIT



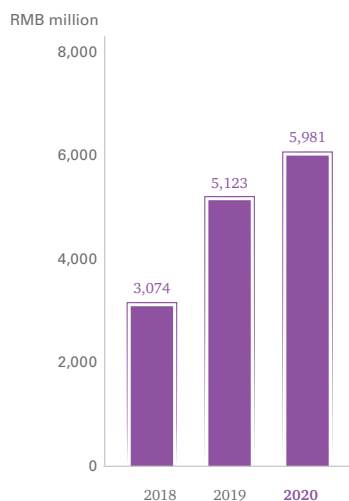
BASIC EARNINGS PER SHARE



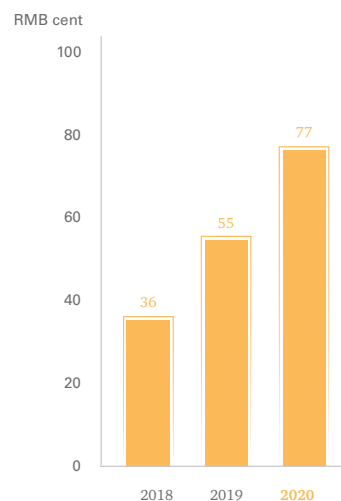
GROSS PROFIT



CORE NET PROFIT



DIVIDENDS PER SHARE



JAN

Since the outbreak of COVID-19 epidemic, the Group has actively shouldered its corporate social responsibilities and was among the first batch of renowned Mainland corporates to directly procure medical supplies in urgent need and deliver them to COVID-19 frontline in Wuhan.

The Group has procured over 1.2 million medical masks, medical ventilators, protective coveralls, test kits, infrared thermometers, gloves, etc. and donated to COVID-19 frontline in Wuhan, Guangzhou, Zhuhai etc.



Various epidemic prevention and control measures were introduced at the Group's residential and commercial projects. The work was reported on the front page of the People's Daily, in Xinhua News Agency's news reports, CCTV's national morning news programme "Zhaowen Tianxia" and evening news programme "Xinwen Lianbo", Guangdong TV's news programmes "Xinwen Lianbo" and "South China Financial News", Nanfang Daily, Yangcheng Evening News, etc.



MAR

With the outbreak gradually under control, the Group doubled down on its epidemic prevention and control efforts while resuming work and construction safely and orderly, ensuring the safety of employees, property owners, tenants, consumers, visitors, and business partners on all fronts.

The Group's sales offices and construction sites fully resumed work and production in late March and early April respectively.



FEB

The Group successfully issued RMB2.54 billion 5-year 5.5% onshore corporate bond and US\$188 million 4.8% 363-day offshore senior notes, both of which were at record low costs.



APR

Mr. Guo Zi Wen, Chairman of the Group, increased his shareholding in the Company by acquiring 1,000,000 shares for a total consideration of approximately HK\$8.82 million.

The Group successfully secured two tranches of 3-year offshore syndicated bank loans of approximately US\$280 million in total, at an interest rate of HIBOR/LIBOR+4.30% per annum with 9 offshore commercial banks led by Hang Seng Bank and HSBC.

The Group officially became the implementation developer of Zhuhai Gongbei Lian'an old village urban redevelopment project. The over 100-year-old Lian'an Village is located next to Gongbei Port, Zhuhai Station of the Guangzhou-Zhuhai Railway, and Hong Kong-Zhuhai-Macao Bridge, an area which has been regarded as Zhuhai's window to places beyond. Spanning a planned total GFA of approximately 390,000 sq.m., the village is to be transformed into a new landmark of the Gongbei Port region.

After redevelopment



Artists' impressions for reference

Before redevelopment



Actual image

MAY

Chengdu Aoyuan Cloud Mansion garnered the DNA Paris Design Award (Architecture Category) and was shortlisted at IIDA AWARD Italy 2020, and the 6th China Real Estate Design Award (CREDAWARD), demonstrating the recognition of the industry of the Group's A+ product competitiveness.



Actual image



Year in Review (continued)

JUN

The Group successfully acquired a high-quality residential project, Guangzhou Aoyuan Yunhe Mansion, in Guangzhou.



Actual image

Mr. Chan Ka Yeung Jacky, Executive Director of the Group, increased his shareholding in China Aoyuan by acquiring 350,000 shares for a total consideration of approximately HK\$3 million.

The Group organized an epidemic prevention book donation campaign, donating tens of thousands of "COVID-19 Prevention and Control Comic" developed by the National Health Commission to some 70 primary and secondary schools in Guangdong, to aid student safety efforts as classes resumed.



花城出版社联手中国奥园集团 捐赠《新冠肺炎防控漫画》

JUL

The Group successfully issued US\$460 million 3.6-year 6.35% senior notes.

The Group successfully acquired a high-quality residential project, Shanghai Aoyuan – Gemdale Cloud Iridescence.



Artists' impressions for reference

AUG

Sheraton Guangzhou Aoyuan Hotel (廣州奧園喜來登酒店) officially opened. It is located in Wanbo CBD, Panyu, adjacent to Aoyuan's headquarters tower.



Actual image

The Group successfully issued RMB1.18 billion 5-year 5.65% onshore corporate bonds.



SEP

The Group donated RMB20 million to establish “Jinan University Aoyuan Education Development Foundation (暨南大學奧園教育發展基金)” and specially set up “Ziwen Endeavour Scholarship (梓文勵志獎學金)”.



The Group, together with Henderson Land, won the bid of a high-quality urban redevelopment project, Guangzhou Panyu Nitrogen Fertilizer Plant old factory redevelopment project.



Artists impressions for reference

The Group successfully issued US\$350 million 5.5-year 6.2% senior notes.

OCT

The corporate credit rating of the Group was upgraded from “BB-” to “BB” by Fitch Ratings, an international credit rating agency, with a “stable” rating outlook.

The Group successfully obtained two high-quality urban redevelopment projects, Dongguan Qingxi project and Dongguan Wanjiang project.

NOV

Mr. Guo Zi Wen, Chairman of the Group, increased his shareholding in China Aoyuan by acquiring 2,800,000 shares for a total consideration of HK\$22.07 million.

The Group successfully issued US\$230 million 4.75-year 5.98% offshore senior notes.

The Group’s subsidiary “Kinghand Group” (京漢股份) (000615.SZ) was renamed as “Aoyuan Beauty Valley” (奧園美谷).



DEC

Aoyuan Yingde Chocolate Kingdom (奧園英德巧克力王國) officially opened in Yingde, Guangdong.



Actual image



2020 Major Honors and Awards

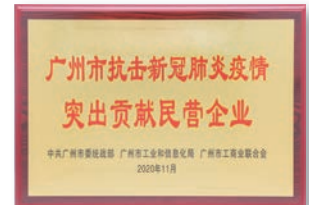


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1. Included among “Fortune China 500” and ranking improved for four consecutive years to 204th
2. Debuted at 1,152nd in “Forbes Global 2000”
3. Ranked 14th among the “Best Board of Directors of Listed China Real Estate Companies 2019-2020” by China Real Estate Business
4. Ranked 25th among the “Top 100 PRC Real Estate Developers 2020”, 5th among the “Top 100 PRC Real Estate Developers 2020 – Top 10 in Operational Efficiency” and 7th among the “Top 100 PRC Real Estate Developers 2020 – Top 10 in Growth”, by the PRC Real Estate Top 10 Research
5. Ranked 24th in “Top 30 China Real Estate Developers 2020” by the China Real Estate Association and the China Real Estate Evaluation Center of Shanghai E-House Real Estate R&D Institute
6. Awarded as “Top 20 Guangdong Property Enterprises with High Credit” by the branches of big four commercial banks in Guangdong Province and other agencies for 19 consecutive years
7. Awarded as “Guangdong Province Enterprise of Observing Contract and Valuing Credit” by Guangdong Province Administration for Industry and Commerce for 21 consecutive years

2020 Major Honors and Awards (continued)



8. Garnered “ESG Awards 2020 – Gold” and “Best Investor Relations Team Award 2020” by The Asset
9. Recognised as “Guangzhou Private Enterprises with Outstanding Contributions in the Fight Against COVID-19” jointly awarded by United Front Work Department of Guangzhou, Guangzhou Bureau Industry and Information Technology Bureau and Guangzhou Federation of Industry and Commerce, and “Guangzhou Youth Model Unit Award (Special commendation for fighting COVID-19)” by Guangzhou Municipal Party Committee of the Communist Youth League
10. Garnered the “Poverty Alleviation Award of the Year” at the People’s Corporate Social Responsibility Award by People.cn for three consecutive years
11. Ranked among the “2019–2020 Poverty Alleviation Benchmark for China Real Estate Enterprises” by the China Real Estate Top 10 Research
12. Recognised as “Top 10 Real Estate Companies in the Greater Bay Area 2020” by China Index Academy
13. Ranked among the “Top 20 Most Valuable Brand of China Real Estate Companies 2020” by China Index Academy



Chairman's Statement

Guo Zi Wen
Chairman



Dear Shareholders,

It is my pleasure to present the Report of China Aoyuan for the year ended 31 December 2020.

In 2020, the Group achieved revenue of approximately RMB67.79 billion, representing a year-on-year increase of 34%. Net profit was approximately RMB7.05 billion, representing a year-on-year increase of 35%. The Board recommended a final dividend of RMB66 cents per share and a special dividend of RMB11 cents per share, making up a total dividend of RMB77 cents per share.

In 2020, in face of the pandemic and trade frictions, Chinese economy rebounded from an unfavorable start and was the only major economy in the world to post positive growth. The real estate market in China also achieved a V-shaped recovery. Chinese economy has already transited from the “high-speed growth” to “high-quality development”. The central government reaffirmed the principle of “housing is for living in, not for speculation” in its “14th Five-Year Plan”. Under the overall policy tone of promoting the steady development of the real estate market, the industry and enterprises alike will shift their focus from “scale-driven development” to “quality-driven development”. Real estate companies with sustainable growth, strong operational and capital management capabilities will be better-equipped to achieve steady and sustainable development.



Facing the COVID-19 pandemic challenge, macroeconomic policy adjustment and increasingly intense industry competition, the Group continued to stay ahead of the curve. With well-thought-out strategic planning and strong operational capabilities, the Group maintained stable growth momentum. In 2020, the Group recorded property contracted sales of approximately RMB133.01 billion with a year-on-year increase of 13%, accomplishing its annual sales target of RMB132 billion and ranking solidly among Top 30 PRC Developers.

The Group has made early foray into urban redevelopment with abundant urban redevelopment talent, experience and resources. China Aoyuan is regarded as a top-notch urban redevelopment enterprise in the Greater Bay Area. At the end of 2020, the Group had over 60 urban redevelopment projects at different phases with planned total saleable resources of approximately RMB673 billion, of which 97% are located in GBA. In 2020, 10 urban redevelopment projects have been successfully converted, 8 of which entering the landbank, providing saleable resources of approximately RMB38.2 billion. Accelerating conversion of urban redevelopment projects enriches landbank and profitability. At the end of 2020, total GFA of the Group amounted to approximately 57.18 million sq.m with total saleable resources of approximately RMB620.8 billion. Total saleable resources including urban redevelopment projects amounted to RMB1,293.8 billion. It is sufficient for the development needs in the next 4-5 years, providing sustainable growth momentum underpinning the high-quality development.

Exercising prudent capital management, the Group seized market window and arranged refinancing in advance. In 2020, the Group issued US\$1.23 billion of offshore senior notes and RMB3.72 billion of onshore corporate bonds, setting record low borrowing cost among China Aoyuan's offshore and onshore issuances. At the beginning of 2021, the Group secured a three-year offshore syndicated loans of approximately HK\$1.8 billion in total with nine major commercial banks; successfully issued US\$350 million 6-year 5.88% senior notes, which was the longest bond maturity ever issued by China Aoyuan; issued USD188 million 4.2% senior notes due 2022 at par by way of exchange offer and new issuance, taking the borrowing cost among China Aoyuan's bond issuances to a further record low.

In 2020, the Group was highly recognized across society with its outstanding business performance and comprehensive strength, contributing to greater brand influence. The Group garnered numerous accolades including ranking 24th among PRC real estate companies in terms of comprehensive strength, marking the sixth consecutive year ranking among the Top 30. The Group also ranked 204th on "Fortune China 500" for four consecutive years. In addition, the Group debuted at "Forbes Global 2000" garnered "The Asset Corporate Awards – Gold (Environmental, Social and Governance)", and recognised as "Best Chinese Real Estate Employer" by CHIRC. The Group also earned prestigious honours including "Contract-Honouring and Creditworthy Enterprise" for 21 years in a row and "Top 20 Most Credit-worthy Property Developer" for 19 years in a row.



Chairman's Statement (continued)

In addition to achieving healthy and steady development, the Group actively shouldered its corporate social responsibility. In support of the fight against the pandemic, the Group procured a total of over 1.2 million medical masks of various types, medical ventilators, protective clothing, thermometers and gloves etc., and donated such medical supplies in support of medical professionals battling the pandemic at the frontline in Wuhan, Guangzhou, Zhuhai and Croatia. China Aoyuan was among the first batch of companies to directly procure medical supplies and deliver to frontline hospitals in urgent need.

2021 marks the 25th anniversary since the establishment of the Group and a milestone year for a new development phase of the Group. China Aoyuan actively seeks change through continuous deepening of its strategy of "one core business with vertical development" and extension of the application of its brand concept of "building a healthy lifestyle". Through optimization of the organizational structure, the Group completed the resources consolidation and advantages integration of Quality Living segment (core property business) and Joyful & Healthy Lifestyle segment (non-property business), promoting two-way empowerment and synergy between the two segments. Meanwhile, through driving the construction and implementation of the integrated operations system, the Group is exercising delicacy management on all fronts. This will strengthen the Group's RMB100 billion-scale international platform with a focus on the balance of scale and profitability, thereby achieving sustainable, high-quality and comprehensive development and bringing satisfactory returns to shareholders and investors.

Last but not least, on behalf of the Board, I would like to extend my deep gratitude to our shareholders, investors, business partners, property owners, customers and the general public for their unwavering trust and support, and to our Directors, management and staff for their efforts and contributions.

Guo Zi Wen

Chairman

Hong Kong

29 March 2021



I. THE CHINA PROPERTY MARKET

In 2020, the unprecedented global outbreak of the COVID-19 pandemic severely disrupted the global economy. Benefiting from timely and effective response measures, China's economy rebounded first, demonstrating remarkable resilience and toughness with GDP exceeding the 100-trillion-yuan threshold in 2020. China, which saw its GDP increase 2.3% year on year, is expected to be the only major economy in the world to post positive growth.

The real estate market in China dipped at first but climbed towards the end as the economy improved. According to the National Bureau of Statistics, in 2020, area of commodity housing sold nationwide increased by 2.6% year on year to approximately 1.76 billion sq.m. The sales volume of commodity housing sold nationwide increased by 8.7% year on year to approximately RMB17.4 trillion. Key policies of property market remain as "housing is for living in, not for speculation" throughout the year. In order to promote the stable and healthy development of the real estate market, policies such as the "three red lines" and the centralized management of the balance of real estate loans by financial institutions were introduced during the year. Real estate companies have shifted from growth in business scale to a new page of high-quality development by striving to maintain highly-efficient management.

II. REVIEW OF BUSINESS

Sales performance

Looking back at 2020, with the sudden outbreak of the COVID-19 pandemic, Aoyuan proactively fulfilled its corporate social responsibility, strengthened pandemic prevention and stabilized production to achieve 100% resumption of work and production in a safe and orderly manner, achieving "zero infection" within the Group.

The Group achieved property contracted sales of approximately RMB133.01 billion with a year-on-year increase of 13% during the reporting period, successfully achieving its annual targets and ranked among the top 30 in PRC developers⁽¹⁾.

⁽¹⁾ 2020 PRC Real Estate Companies Rankings by CRIC



Management Discussion and Analysis (continued)

Details of property contracted sales breakdown by region are as follow:

Region	Property Contracted sales amount (RMB billion)	Contracted GFA Sold (‘000 sq.m.)
South China	32.81	3,544.5
Core Region of Central & Western China	41.70	4,384.6
East China	40.59	3,448.5
Bohai Rim	16.50	1,475.7
Offshore	1.41	28.9
Total	133.01	12,882.2

Continued enhancement of product competitiveness and customer satisfaction

The Group adheres to offer product and services from a customer-centric perspective and formulated a three-year product strategy to build Aoyuan A+ Product Universe and constantly enhance product quality. To ensure an effective launch of products, Aoyuan established the A+ Workshop in Panyu, Guangzhou with a site area of approximately 5,000 sq.m. as the product R & D base. Standardized results of showflats, types of flats and new materials are tested and demonstrated. Meanwhile, Aoyuan established the quality control center to ensure a standardized construction and high-quality delivery, aiming to constantly enhance customer experience and satisfaction.

In 2020, Aoyuan was awarded with 54 onshore and offshore awards, including Outstanding Property Award London, The Architecture MasterPrize (U.S.) , DNA Paris Design Awards, Italy IIDA Award, The Singapore Design Award (SIDA). We also leveraged health and medical sources from the Company’s sub-group, Aoyuan Healthy to establish the WELL healthy home solutions.

Accelerating conversion of urban redevelopment projects

In 2020, the Central Economic Work Conference proposed to promote the redevelopment of old communities in cities and towns. Aoyuan seized first-mover opportunities in urban redevelopment in 2011 and has developed the “Aoyuan urban redevelopment model” integrating with industries. Laying a solid foundation for enriching land bank and profits.

During the period, 10 urban redevelopment projects were converted, and eight of them were converted into land bank with saleable resources of approximately RMB38.2 billion.



Currently, the Group has been awarded the “Top 8 China Real Estate Developers in Urban Redevelopment 2020” for achieving a full coverage of “Three Olds” urban redevelopment – old towns, old villages and old factories. As the redevelopment plan achieved the balance between local historical culture preservation and community economic development, the urban redevelopment project of Zhuhai Cuiwei Village was awarded the “Plan/Concept Project Award” of the Professional Category in the Greater Bay Area Urban Design Awards 2020 by the Hong Kong Institute of Urban Design and the Greater Bay Area Urban Designer Association.

Adhering to prudent financial strategies

Healthy and sound financial position supports long-term development of an enterprise. Aoyuan has always adhered to the prudent and stable financial strategies and the strengthening of cash collection rate to ensure cash flow safety.

The Group seized the market window and arranged onshore and offshore refinancing activities in advance during the reporting period.

In February, July, September and November 2020, the Group successfully issued USD188 million of 363-day 4.8% offshore senior notes, USD460 million of 6.35% offshore senior notes due 2024, USD350 million of 6.2% senior notes due 2026 and USD230 million of 5.98% senior notes due 2025, respectively.

In January and April 2020, the Group secured two tranches of three-year offshore syndicated bank loans equivalent to approximately USD280 million, at an annual interest rate of HIBOR/LIBOR + 4.3% per annum, with a total of nine offshore commercial banks led by Hang Seng Bank and HSBC.

In terms of onshore financing, in February 2020, the Group successfully issued RMB2.54 billion 5.5% onshore corporate bond due 2025. In August 2020, the Group successfully issued RMB1.18 billion 5.65% onshore corporate bond due 2025.

Thanks to a steady growth in scale and sound financial performance, Aoyuan continued to receive recognition of the capital market. In April and May 2020, China Aoyuan’s credit rating and “positive” rating outlook were reaffirmed by S&P and Moody’s. At the end of October 2020, China Aoyuan received Fitch’s upgrade on its corporate credit rating from “BB-” to “BB”, with a “stable” rating outlook.

Continuing to strengthen the strategy of “one core business with vertical development”

Aoyuan was the pioneer property developer that puts forward the concept of composite real estate in China, and the layout of Aoyuan in the non-property business not only constantly empower its core property business, but also create strong growth drivers for the sustainable development of the Group.



Management Discussion and Analysis (continued)

In 2020, the Company's sub-group Aoyuan Healthy (3662.HK), continued to grow, with GFA under management increased by 174.2% to 41.4 million sq.m. year-on-year and total commercial operational GFA under management increased by 4% to 806,000 sq.m.. Aoyuan Healthy also committed to the development of health and wellness-related businesses and proactively developed key businesses including intelligent health, comprehensive outpatient service and well-being residence, and applied them to the two ecosystems of "residence life & commercial center." Through the self-developed platform combining mini programs for customers, applications for service providers and backstage management system, a one-stop health service platform integrating online and offline services was established, offering services such as intelligent residential care, leisured-based elderly care and clinical treatment of Chinese and western medicine.

In July 2020, the Group formally acquired 29.30% shareholdings, which is equivalent to approximately 29.99% of the issued shares with voting rights, of Kinghand Industrial Investment Group Co., Ltd. ("Kinghand Industrial") (000615.SZ) and became its defacto controller. 11 November of the same year, Kinghand Industrial officially changed its name to Aoyuan Beauty Valley Technology Co., Ltd, and developed its strategy of medical beauty industry. We plan to quickly enter the medical beauty industry chain by acquiring downstream medical beauty institutions to achieve rapid transformation to the medical beauty industry chain, and to accumulate core resources for the in-depth layout of the medical beauty industry chain by tying up the core assets of the medical beauty industry chain in various forms.

During the reporting period, breakthroughs were also made in the cultural tourism business of Aoyuan. On 31 December 2020, Aoyuan Yingde Chocolate Kingdom, the largest demonstration base for chocolate culture in Asia, celebrated its opening in Yingde city, Guangdong province, laying a solid foundation for the development of Aoyuan's cultural tourism business.

III. LAND BANK

Maintaining adequate land bank is the foundation of the Group's sustainable growth. During the reporting period, the Group continued to replenish its land bank through diversified channels, leveraging its traditional merger and acquisition ("M&A") strength in land acquisition, while exploring M&A opportunities of asset portfolios.

During the period, the Group added approximately 20.15 million sq.m. of total GFA and approximately RMB242.6 billion of saleable resources. In terms of saleable resources, 57% were acquired through M&A, public auction accounted for 27% and urban redevelopment and others accounted for 16%. City tier of newly acquired projects continued to improve, with proportion of tier 1&2 cities increasing to 70%.

As at the end of 2020, the Group has over 60 urban redevelopment projects in different stages with planned total GFA of 42.85 million sq.m., estimated saleable GFA of approximately 22.46 million sq.m., and expected to provide additional saleable resources of approximately RMB673 billion, 97% of which are located in the Greater Bay Area with approximately RMB655.2 billion.



As at 31 December 2020, China Aoyuan's approximately 370 projects span 95 onshore and offshore cities with total GFA of approximately 57.18 million sq.m. (attributable: 71%) and total saleable resources of approximately RMB620.8 billion. Total saleable resources including urban redevelopment projects amounted to RMB1,293.8 billion and is enough for the development of the next four to five years.

IV. ACTIVELY FULFILLING OUR SOCIAL RESPONSIBILITY

Remaining true to its original aspiration, the Group has always been committed to fulfilling its corporate social responsibility while achieving high quality and sustainable corporate development.

In 2020, Aoyuan actively participated in the prevention and control of the COVID-19 pandemic, and was one of the first enterprises in China to purchase medical supplies to support the front line of the pandemic, purchasing more than 1.2 million medical masks, medical respirators, protective clothing, reagent kits, warming guns and other medical supplies, which were directly delivered to the front line of the pandemic in Wuhan and Guangzhou and was awarded by the Guangzhou Municipal Government as an enterprise with outstanding contribution to the fight against pandemic and "Pioneer Enterprise in the Fight against COVID-19 of 2020" by Southern Weekend.

The Group also continued to contribute to the public welfare and charity activities by keep implementing the targeted poverty alleviation project of "Double Tens, Double Hundreds", supporting education with love, donation of student subsidies, disaster relief, "mountain-sea dialogue", public welfare volunteer services and other charitable activities. Therefore, the Group successively won the "People's Corporate Social Responsibility Annual Poverty Alleviation Award" by People's Daily and people.cn, "Poverty Alleviation Enterprise of 2020", "Ten Thousand Enterprises Helping Ten Thousand Villages" of Guangdong Province in recognition of its outstanding contributions.

V. OUTLOOK

Year 2021 is the opening year of the "14th five-year" plan and "stability" will still be the first priority in terms of policies for property market. Key policies of property market remain as "housing is for living in, not for speculation; and implementation of city-specific policies".

Year 2021 is a milestone year for the Group's 25-year development, also marks the opening year for Aoyuan's striving towards Global top 500. Aoyuan has taken the initiative to seek changes, driving flatten management, strengthened the direct control of the headquarters to city companies, focused on higher tiers cities, building 10-billion-yuan city companies, and has established Yuekang Holdings* (悦康控股) to fully coordinate the non-property businesses, forming a two-way empowerment with the core property business. Looking forward, Aoyuan will continue to deepen the strategies of "one core business with vertical development" and cultivation in cities. The Group will also accelerate the conversion of urban redevelopment projects, continue to improve management efficiency, insist on shouldering its corporate social responsibility, develop the comprehensive competitiveness of the enterprise and achieve high-quality and sustainable development, thereby creating more value for the shareholders, investors and the society.



FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2020, the Group's total revenue was approximately RMB67,794 million, representing an increase of approximately RMB17,263 million or 34.2% over approximately RMB50,531 million in 2019. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 95.0%, 4.6% and 0.4% respectively.

In 2020, the Group's revenue generated from property development amounted to approximately RMB64,417 million, representing an increase of approximately RMB16,326 million or 33.9% over approximately RMB48,091 million in 2019. The GFA of delivered properties increased by 32.2% to 6.89 million sq.m. from 5.21 million sq.m. in 2019, while the average selling price increased by 1.3% to RMB9,349 per sq.m. from RMB9,227 per sq.m. in 2019. This was mainly attributable to an increase of approximately 3.2% over 2019 in the average selling price of residential apartments which accounted for the highest proportion of properties delivered.

Breakdown of property development revenue in 2020 by product type:

Product	Sold and Delivered	
	Revenue RMB million	Area '000 sq.m.
Residential apartments	52,640	5,946
Commercial apartments	4,404	359
Retail shops and others	3,446	243
Low-density residential	3,927	342
Total	64,417	6,890

Gross Profit and Margin

In 2020, the gross profit of the Group was approximately RMB17,009 million, representing an increase of 13.2% over approximately RMB15,021 million in 2019, and the gross profit margin was 25.1%.

Other Income, Gains and Losses

In 2020, the other income, gains and losses of the Group recorded approximately RMB2,178 million net gain, which mainly included exchange gain of approximately RMB1,840 million, interest income of approximately RMB950 million, and other losses of approximately RMB612 million.



Selling and Distribution and Administrative Expenses

In 2020, total selling and distribution expenses of the Group were approximately RMB2,531 million, representing an increase of 18.4% from approximately RMB2,138 million in 2019, which was mainly attributable to the increase in overall sales, marketing and promotional activities owing to the increase in property contracted sales amount during the year, caused by the increase in the number of pre-sales properties during the year. Total administrative expenses increased by 36.8% from approximately RMB2,435 million in 2019 to approximately RMB3,330 million.

Taxation

Income tax expense comprised of EIT, LAT and deferred taxation. The effective tax rate of 48% is higher than the standard PRC EIT rate of 25%, mainly attributable to LAT of approximately RMB1,856 million.

Profit Attributable to Owners of the Company

In 2020, profit attributable to owners of the Company was approximately RMB5,908 million, representing an increase of 40.6% over approximately RMB4,201 million in 2019. Core net profit (excluding non-recurring profits and loss items and their related tax effects, comprising fair value gain on investment properties, net exchange differences, etc.) for the year amounted to approximately RMB5,981 million.

Financial Position

As at 31 December 2020, the Group's total assets amounted to approximately RMB325,678 million (as at 31 December 2019: approximately RMB289,880 million) and total liabilities were approximately RMB271,426 million (as at 31 December 2019: approximately RMB252,884 million).

Current ratio was 1.4 as at 31 December 2020 (as at 31 December 2019: 1.3).

Financial Resources and Liquidity

In 2020, the Group's sources of fund primarily included income generated from business operations, cash from bank and other borrowings and issuance of senior notes in US dollar and corporate bonds in RMB, which were used in our business operations and investment and development of projects.

The Group expects that income generated from business operations and borrowings will continue to be the main sources of funds in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns of projects and strictly control the cost and various expenses. Besides, the Group will continue to explore the opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the expansion of projects and business development.



Management Discussion and Analysis (continued)

Cash Position

As at 31 December 2020, the Group had cash and bank deposits, structured deposits of approximately RMB52,504 million and nil (as at 31 December 2019: approximately RMB58,043 million and RMB705 million). As at 31 December 2020, the Group had restricted bank deposits of approximately RMB17,522 million (as at 31 December 2019: approximately RMB9,313 million) which were mainly reserved for obtaining bank loans.

As at 31 December 2020, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB70,026 million, of which 87% was denominated in Renminbi and 13% was denominated in other currencies (mainly in HK dollar, Australian dollar, Canadian dollar and US dollar).

In 2020, cash collection ratio (total sales proceeds received in 2020 divided by the annual property contracted sales amount) for the Group's property contracted sales was approximately 85%.

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2020, the Group had bank and other borrowings of approximately RMB80,953 million (as at 31 December 2019: approximately RMB68,961 million) and senior notes and corporate bonds of approximately RMB33,920 million (as at 31 December 2019: approximately RMB26,803 million) as follows:

	31 December 2020 (RMB million)	31 December 2019 (RMB million)
Repayment period		
Repayable on demand and within one year	52,267	41,873
More than one year, but not exceeding two years	26,442	30,698
More than two years, but not exceeding five years	31,636	22,538
More than five years	4,528	655
	114,873	95,764

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

In February 2020, the Group successfully issued 363 days 4.8% offshore senior notes of US\$188 million for the Group's refinancing purposes.

In February 2020, the Group successfully issued 5.5% onshore corporate bonds of RMB2,540 million due 2025 for the Group's refinancing purposes.



In July 2020, the Group successfully issued 6.35% offshore senior notes a total of US\$460 million due 2024 for the Group's refinancing purposes.

In August 2020, the Group successfully issued 5.65% onshore corporate bonds of RMB1,180 million due 2025 for the Group's refinancing purposes.

In September 2020, the Group successfully issued 6.2% offshore senior notes of US\$350 million due 2026 for the Group's refinancing purposes.

In November 2020, the Group successfully issued 5.98% offshore senior notes of US\$230 million due 2025 for the Group's refinancing purposes.

As at 31 December 2020, the Group had credit facilities of approximately RMB254,994 million (as at 31 December 2019: approximately RMB183,996 million) for short-term and long-term borrowings, of which approximately RMB134,801 million (as at 31 December 2019: approximately RMB64,666 million) were unutilized.

Net Gearing Ratio

Net gearing ratio is measured by the net borrowings (total amount of bank and other borrowings, senior notes and corporate bonds net of cash and bank deposits and restricted bank deposits) over the total equity. As at 31 December 2020, the Group's net gearing ratio was 82.7%. The Group has implemented certain loan management policies, which mainly include close monitoring of the gearing ratio and any changes in net gearing ratio, and optimization of the bank credit structure when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2020, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associated companies of the Group amounting to approximately RMB110,427 million (as at 31 December 2019: approximately RMB85,723 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

The Group had provided guarantees in respect of banking facilities granted by banks to joint ventures and associated companies. In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.



Management Discussion and Analysis (continued)

Commitments

As at 31 December 2020, the Group had construction cost, land payments, acquisition of subsidiaries and a joint venture and registered capital injection in a joint venture contracted but not provided for of approximately RMB30,665 million (as at 31 December 2019: approximately RMB36,202 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB6,976 million (2019: RMB3,480 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and Singapore dollar and bank loans denominated in US dollars and HK dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2020, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB66,653 million (as at 31 December 2019: approximately RMB59,692 million) to various banks to secure project loans and general banking facilities granted to the Group.

Events After the Reporting Period

Subsequent to the reporting date, the Group had following significant events taken place:

- (a) The Company issued senior notes in an aggregate principal amount of USD188,000,000 (equivalent to RMB1,227 million) subsequent to the reporting period which carries interest 4.20% per annum and are due in 2022.
- (b) The Company issued senior notes in an aggregate principal amount of USD350,000,000 (equivalent to RMB2,284 million) subsequent to the reporting period which carries interest 5.88% per annum and are due in 2027.



- (c) On 8 March 2021, the Company entered into a 3-year loan agreement with Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, Barclays Bank PLC, Chong Hing Bank Limited and Chong Hing Bank Limited, Macau Branch, CMB Wing Lung Bank Limited, Deutsche Bank AG, Singapore Branch, Hang Seng Bank Limited, Nanyang Commercial Bank, Limited and Nanyang Commercial Bank (China), Limited Guangzhou Branch and Tai Fung Bank Limited (collectively the “Lenders”), pursuant to which a banking facility relating to secured dual currency term loan facilities of approximately HK\$1,598 million and US\$20 million was granted by the Lenders to the Company, with interest rate of HIBOR plus 4.30% and LIBOR plus 4.30% per annum for HK dollar facility and US dollar facility respectively.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2020, the Group had 23,773 employees (31 December 2019: 16,504 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of the China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

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 had purchased, sold or redeemed any of the Company’s listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

CORPORATE GOVERNANCE CODE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2020, the Company has complied with all of the code provisions of the CG Code.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee, comprising Mr. Cheung Kwok Keung as chairman, Mr. Tsui King Fai and Mr. Hu Jiang as members, has reviewed, together with the participation of the Board, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2020. Mr. Hu Jiang resigned as a member of Audit Committee and Mr. Lee Thomas Kang Bor was appointed as a member of Audit Committee on 13 April 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

Biographical Details of Directors



Back row from left
Mr. Tsui King Fai, Mr. Cheung Kwok Keung, Mr. Hu Jiang

Front row from left
Mr. Zhang Jun, Mr. Ma Jun, Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Chan Ka Yeung Jacky



Biographical Details of Directors (continued)

Executive Director

Guo Zi Wen

Chairman



Guo Zi Wen, aged 56, is the founder of the Group, and holds a Master degree in business administration. He is an executive Director of the Group, the Chairman and the chairman of the Nomination Committee. Mr. Guo is also a director of certain subsidiaries of the Company. Mr. Guo is mainly responsible for the formulation of development strategies of the Company, as well as giving guidance to the Group's project planning, financing and investment, and leads the overall administration management of the Group.

In 2001, Mr. Guo was honored by national main stream media and China Real Estate Association as one of the Top 10 Persons in Real Estate Industry. In 2004, Mr. Guo received the China Real Estate Special Contribution Award, and the China Real Estate Theory Research Contribution Award and was named one of the Top 10 Outstanding Real Estate Entrepreneurs in the PRC in the same year. In 2008, Mr. Guo was awarded as one of the Top 10 Outstanding Entrepreneurs of the Past Three Decades in China Real Estate and was recognized as one of the Top 30 Leaders in the Residential Construction of Guangdong. In 2010, Mr. Guo was named "Outstanding Leader" in the event "Leaders of Real Estate of Guangdong in Ten Golden Years" and in 2011, Mr. Guo was named "CAPITAL Leader of Excellence 2011". In 2014, Mr. Guo received the Award of "Outstanding Leaders for the Year" nominated by Nanfang Media and Peking University. In 2015, Mr. Guo was awarded "2015 Corporate Social Responsibility Outstanding Enterprise Award" (2015企業社會責任傑出企業家獎) by Xinhuanet.com (新華網). Except for being a Director of the Company, Mr. Guo has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas. Mr. Guo is the brother of Mr. Guo Zi Ning.



Executive Director

Guo Zi Ning

Vice Chairman and Chief Executive Officer

Guo Zi Ning, aged 59, is an executive Director, a vice chairman and the chief executive officer of the Group. He is also a director of certain subsidiaries of the Company. He participated in the formation of the Group in 1996, is mainly responsible for urban redevelopment and operation management, and leads the party committee, trade union and corporate culture of the Group. Mr. Guo holds a Master degree in business administration and a doctor degree in business administration; and he obtained a Postdoctoral certificate from the California State University Monterey Bay in U.S. in September 2016. Mr. Guo has also been an external tutor of Peking University HSBC Business School EDP Centre (北京大學經濟學院高級管理教育(EDP)中心) since November 2017, and is currently a distinguished professor of the faculty of economics at Peking University and a member of the National Steering Committee for Postgraduate Education of Business Administration Degree (全國工商管理專業學位研究生教育指導委員會). Mr. Guo is the chairman of the board and non-executive director of Aoyuan Healthy Life Group (3662.HK). Mr. Guo is the brother of Mr. Guo Zi Wen.



Biographical Details of Directors (continued)

Executive Director

Ma Jun

Co-President



Ma Jun, aged 44, is an executive Director, a co-president of the Group, chairman of Aoyuan Beauty Valley and chairman of International Investment Group. He is also a director of certain subsidiaries of the Company. Mr. Ma is mainly responsible for the operation and management of property development of the Group. Mr. Ma holds a Master degree in civil engineering construction from Chongqing University and a Bachelor degree in environmental engineering from Tianjin University in the PRC. Mr. Ma joined the Group in March 2015, he was appointed as an executive Director on 28 August 2015 and was appointed as co-president of the Group on 21 March 2021. Mr. Ma worked at 中海地產天津公司 (in English, for identification purpose only, China Overseas Land Tianjin Company) as deputy general manager and Autren Real Estate (Group) Co., Ltd. as an executive vice president and possesses more than 20 years of experience in the real estate industry. Mr. Ma was appointed as chairman of the board and non-independent director of Aoyuan Beauty Valley Technology Co., Ltd (000615.SZ) (formerly known as Kinghand Industrial Investment Group Co., Ltd.) in 15 July 2020.



Executive Director

Chan Ka Yeung Jacky

Senior Vice President

Chan Ka Yeung Jacky, aged 41, is an executive Director, a senior vice president of the Group and the chief advisor of International Investment Group. He is also a director of certain subsidiaries of the Company. Mr. Chan is mainly responsible for listed company related affairs, including corporate finance and capital markets management, as well as advisory of International Investment Group. He graduated from the University of Illinois at Urbana-Champaign in the USA with extensive experiences in finance industry and corporate management. Mr. Chan joined the Group in October 2013, and was appointed as an executive Director on 15 April 2019. He had previously been the capital markets department head of Agile Group and the chief investment officer of Zhong An Group. Except for being a Director of the Company, Mr. Chan has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.



Biographical Details of Directors (continued)

Executive Director

Zhang Jun
Senior Vice President



Zhang Jun, aged 45, is an executive Director, a senior vice president of the Group and the executive president of Aoyuan Yuekang Holdings Group (奧園悦康控股集團) (“Aoyuan Yuekang”). Mr. Zhang is mainly responsible for the overall planning and coordination of real estate related affairs of Aoyuan Yuekang. He graduated from Zhongnan University of Economics and Law, majoring in Marketing and studied in Wuhan University with a minor in Industrial and Civil Architecture. Mr. Zhang joined the Group in February 2015, and was appointed as an executive Director on 20 April 2020, and was appointed as the executive president of Aoyuan Yuekang on 23 March 2021. Mr. Zhang served as a deputy general manager of operation and marketing and vice president in renowned companies such as Dalian Wanda Group Company Limited and China Yurun Food Group Limited, with extensive management experiences in project development, operation and marketing of the real estate industry. Except for being a Director of the Company, Mr. Zhang has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.



Independent Non-executive Director
Tsui King Fai

Tsui King Fai, aged 71, was appointed as an Independent Non-executive Director on 13 September 2007. Mr. Tsui is the chairman of Remuneration Committee, member of Audit Committee and Nomination Committee. Mr. Tsui holds a Master degree of science in accountancy and a Bachelor degree of business administration with first class honours awarded by the University of Houston. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants in Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in Mainland China. He had worked for two of the “Big Four” audit firms in Hong Kong and the United States of America and served in various public listed companies in Hong Kong in a senior capacity. Currently, Mr. Tsui is an independent non-executive director of Lippo Limited (226.HK), Lippo China Resources Limited (156.HK), Hongkong Chinese Limited (655.HK), Vinda International Holdings Limited (3331.HK) and Newton Resources Limited (1231.HK), all listed on the Main Board of the Stock Exchange.



Biographical Details of Directors (continued)

Independent Non-executive Director

Cheung Kwok Keung



Cheung Kwok Keung, aged 54, was appointed as an Independent Non-executive Director on 20 January 2011. Mr. Cheung is the chairman of Audit Committee, member of Remuneration Committee and Nomination Committee. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing, accounting and financial management. Mr. Cheung is the chief financial officer and company secretary of Lee & Man Paper Manufacturing Limited (2314.HK), which is listed on the Main Board of Stock Exchange, and is an independent non-executive director of DCB Holdings Limited (8040.HK), which is listed on the GEM of the Stock Exchange. Mr. Cheung has resigned as the company secretary of Lee & Man Chemical Company Limited (746.HK) on 1 January 2020.



Independent Non-executive Director

Hu Jiang

Hu Jiang, aged 64, was appointed as an Independent Non-executive Director on 28 February 2014. Mr. Hu is the member of Audit Committee, Remuneration Committee and Nomination Committee. He was the principal of Beijing Normal University (Zhuhai) College of Real Estate from November 2010 to July 2015. Mr. Hu has over 20 years of teaching and research experience in the fields of geography and real estate. He is a senior economist and has the qualification of a PRC registered real estate appraiser. He is also a member of China Real Estate Valuers Association and he was appointed as deputy general secretary of China Real Estate Valuers and Agent Association in July 2015. Mr. Hu holds a degree in science from the Beijing Normal University. Mr. Hu had been a vice president of the Company from July 2007 to May 2008. Except for being a Director of the Company, Mr. Hu has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Mr. Hu Jiang resigned as Independent Non-executive Director, member of Audit Committee, Remuneration Committee and Nomination Committee on 13 April 2021.



Profile of Senior Management and Company Secretary

Chen Zhi Bin

Chen Zhi Bin, aged 39, is a co-president and chief financial officer of the Group. He is also a director of certain subsidiaries of the Company. Mr. Chen is primarily responsible for the financial management, internal audit and risk control of the Group. Mr. Chen graduated from the Sun Yat-Sen University in the PRC with a bachelor's degree in Finance and is a member of The Chinese Institute of Certified Public Accountants. Mr. Chen joined the Group in August 2014, he was appointed as an executive Director and co-president of the Group on 27 January 2021 and 21 March 2021, respectively. Mr. Chen worked in Fantasia Group as a general manager of finance department and in Deloitte Guangzhou Office as a audit and assurance manager. Mr. Chen was an executive director of Aoyuan Healthy Life (3662.HK) on 6 June 2018 and was re-designated as a non-executive director of the Aoyuan Healthy Life from 9 July 2018 to 29 January 2021. He resigned as a non-executive director of Aoyuan Healthy Life on 29 January 2021.

Hu Hao

Hu Hao, aged 48, is a senior vice president of the Group, the president of International Investment Group. He obtained a Bachelor degree in urban planning from Huazhong University of Science and Technology and an EMBA degree from Nankai University. He served in China Overseas Property Group and Longfor Group as regional deputy general manager, general manager of R&D department and group vice president. He joined the Group in March 2019, and is mainly responsible for product research and management of the Group, as well as the management of the International Investment Group.

Wang Xin Li

Wang Xin Li, aged 53, is a senior vice president of the Group and a vice president of Aoyuan Yuekang. He graduated from Tianjin University, majoring in engineering management and obtained a Master degree from Peking University with a major in international finance, a Master degree from Tsinghua University with a major in business administration and a Doctoral degree in management from Tianjin University with a major in economy and management. He had served as the managers of sub-branches of Beijing Branch, the chief auditor of Hunan Branch, the deputy manager of Beijing Branch, the manager of Chongqing Branch of China Construction Bank and the president of Helenbergh Group in Guangdong. He possesses vast work experience in finance. He joined the Group in February 2021, and is mainly responsible for the project financing and standardised product financing, as well as the financing and capital planning of Aoyuan Yuekang.



Ruan Yong Xi

Ruan Yong Xi, aged 41, is a vice president and the general manager of Strategic Investment Center of the Group, a standing vice president and head of the strategic investment center of Aoyuan Yuekang. He graduated from Guangdong University of Foreign Studies with a Bachelor degree in accounting and is a certified accountant. He had been audit manager of Deloitte Touche Tohmatsu CPA, the general manager of finance department of Fantasia Holdings and assistant chief financial officer of Evergrande Group. He has over 19 years of experience in professional auditing and finance field. He joined the Group in March 2018, and is mainly responsible for the daily operation management of Aoyuan Yuekang, the strategic investment and the research on macro-policies of the Group.

Huang Bang Hua

Huang Bang Hua, aged 61, is a vice president of the Group and the president of Capital Investment Group. He graduated from the Central China Normal University with a Master degree in economics. He had previously been the deputy branch manager and branch manager of Guangzhou Branch of Shenzhen Development Bank and Guangzhou Branch of China Bohai Bank. He joined the Group in November 2017, and is mainly responsible for the management of the Capital Investment Group.

Chen Yong

Chen Yong, aged 45, is a vice president and the general manager of Real Estate Investment Center of the Group. He obtained a Bachelor degree from Zhongnan University of economics and law. He has extensive experience in fund management. He had served in some well-known companies such as Vanke Group, Gemdale Group and Kaisa, and he has extensive experience in fund management. He joined the Group in June 2014, and is mainly responsible for the investment and project financing management of the domestic real estate development sector.

Guo Shi Guo

Guo Shi Guo, aged 46, is a vice president of the Group and head of administration and human resources center. He graduated from Jilin University with a Doctoral degree in economics. He served as the general managers (human resources) and chief human resource officer in companies such as Wanda Group and Homnicen Group. He joined the Group in October 2018, and is mainly responsible for the administration, human resources and brand management of the Group.



Profile of Senior Management and Company Secretary (continued)

Zhang Rui

Zhang Rui, aged 41, is a vice president and the general manager of the Cost Management Center of the Group and a vice president of Aoyuan Yuekang. She graduated from Qingdao University of Technology with a Master degree in civil engineering. She had served as the general manager of Central China supply chain center and the deputy general manager of supply chain management department in Longfor Group. She joined the Group in March 2020, and is responsible for the cost management of the Group.

Yang Hai Neng

Yang Hai Neng, aged 46, is a vice president and the general manager of the Overall Operation Management Center of the Group. He graduated from Fudan University with an EMBA master degree. He had worked in well-known property companies such as CIFI and BRC, and served as the general manager of city companies and group president assistant. He joined the Group in January 2018 and is currently responsible for operations management, project quality control, safety management and information construction.

JOINT COMPANY SECRETARIES

Wong Mei Shan

Wong Mei Shan, joined the Group in July 2017 and was appointed as the company secretary of the Company in August 2018. She is a certified public accountant and a member of Hong Kong Institute of Certified Public Accountants, with over 10 years of experience in company secretarial, corporate governance and compliance affairs. She holds a Bachelor of Business Administration degree in accounting from the Hong Kong University of Science and Technology and a Bachelor of Laws degree from the University of London.

Lee Mei Yi

Lee Mei Yi was appointed as the company secretary of the Company in January 2017. She is an executive director of Corporate Services of Tricor Services Limited. She holds an Honours Bachelor's degree in Accountancy and is a Chartered Secretary and a fellow member of both the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
Guangdong Province				
1	Guangzhou Nanguo Aoyuan	Panyu, Guangzhou	Integrated residential community	147.4
2	Guangzhou Aoyuan	Panyu, Guangzhou	High-rise apartments, commercial properties	22.2
3	Guangzhou Panyu Aoyuan	Panyu, Guangzhou	Integrated residential community	52.0
4	Guangzhou Aoyuan Plaza	Panyu, Guangzhou	High-rise apartments, commercial properties	159.8
5	Guangzhou Aoyuan Health Plaza	Panyu, Guangzhou	High-rise apartments, commercial properties	9.9
6	Guangzhou Aoyuan Beyond Era	Panyu, Guangzhou	High-rise apartments, commercial properties	2.3
7	Guangzhou Aoyuan International Center	Panyu, Guangzhou	High-rise apartments, commercial properties	201.2
8	Guangzhou Aoyuan City Plaza	Panyu, Guangzhou	High-rise apartments, commercial properties	38.4
9	Guangzhou Aoyuan Lianfeng State	Panyu, Guangzhou	High-rise apartments, commercial properties	33.2
10	Guangzhou Aoyuan-Henderson Academy No. 1	Panyu, Guangzhou	Integrated residential community	304.9
11	Guangzhou Aoyuan Spring Garden	Huangpu, Guangzhou	High-rise apartments, commercial properties	1.7
12	Guangzhou Luogang Aoyuan Plaza	Huangpu, Guangzhou	High-rise apartments, commercial properties	48.5
13	Guangzhou Aoyuan Xiangxue Mansion	Huangpu, Guangzhou	High-rise apartments, commercial properties	17.7
14	Guangzhou Aoyuan Jiali Pier Project	Huangpu, Guangzhou	Commercial properties, offices	159.7
15	Guangzhou Aoyuan Kangwei Plaza	Zengcheng, Guangzhou	High-rise apartments, commercial properties	202.9
16	Guangzhou Aoyuan Glorious Mansion	Zengcheng, Guangzhou	High-rise apartments, commercial properties	14.3
17	Guangzhou Yuexiu Aoyuan Huafa Sweet Home Alley	Zengcheng, Guangzhou	Integrated residential community, commercial properties	65.1
18	Guangzhou Aoyuan Jingyu Mansion	Zengcheng, Guangzhou	Integrated residential community	82.6
19	Guangzhou Aoyuan Zhongxin City Plaza	Zengcheng, Guangzhou	Integrated residential community	163.7
20	Guangzhou Nansha Aoyuan	Nansha, Guangzhou	Integrated residential community	37.8
21	Guangzhou Guo Ao Investment Development Centre	Nansha, Guangzhou	Hotel, commercial properties, offices, high-rise apartments	19.0
22	Guangzhou Aoyuan Hai Jing Cheng	Nansha, Guangzhou	Commercial properties, offices, high-rise apartments	70.8
23	Guangzhou Aoyuan GBA Smart Valley	Nansha, Guangzhou	Industry, offices	315.1
24	Guangzhou Aoyuan Lake Bay	Huadu, Guangzhou	High-rise apartments	93.4
25	Guangzhou Donglang project	Liwan, Guangzhou	High-rise apartments	13.1
26	Guangzhou Aoyuan Yunhe Mansion	Baiyun, Guangzhou	Integrated residential community	160.9
27	Shenzhen Aoyuan Jade Bay	Shenzhen, Guangdong	High-rise apartments, commercial properties	13.3
28	Shenzhen Aoyuan SOHO	Shenzhen, Guangdong	High-rise apartments	15.0
29	Shenzhen Joy City	Shenzhen, Guangdong	High-rise apartments, commercial properties	11.1
30	Zhuhai Aoyuan Plaza	Zhuhai, Guangdong	High-rise apartments, commercial properties	60.8



Land Bank (continued)

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
31	Zhuhai Aoyuan Seaview Mountain	Zhuhai, Guangdong	High-rise apartments	142.1
32	Zhuhai Aoyuan Pingsha Champion City	Zhuhai, Guangdong	Integrated residential community, commercial properties	60.5
33	Zhuhai Aoyuan Tianyue Bay	Zhuhai, Guangdong	Integrated residential community, commercial properties	134.6
34	Zhuhai Aoyuan Tianyue Plaza	Zhuhai, Guangdong	High-rise apartments	34.8
35	Zhuhai Aoyuan Hengqin Bay	Zhuhai, Guangdong	High-rise apartments	24.3
36	Zhuhai Aoyuan Sunshine Mansion	Zhuhai, Guangdong	High-rise apartments	22.4
37	Zhuhai Aoyuan Golden Bay	Zhuhai, Guangdong	High-rise apartments, commercial properties	59.6
38	Zhuhai Aoyuan Scenic Garden	Zhuhai, Guangdong	High-rise apartments	42.5
39	Zhuhai Aoyuan Zhanke Garden	Zhuhai, Guangdong	High-rise apartments	50.7
40	Zhuhai Aoyuan Waterfront Garden	Zhuhai, Guangdong	High-rise apartments	57.6
41	Foshan Aoyuan The Prime Palace	Foshan, Guangdong	High-rise apartments, commercial properties	0.5
42	Nanhai Aoyuan	Foshan, Guangdong	High-rise apartments, commercial properties	1.9
43	Foshan Aoyuan Central Parkview	Foshan, Guangdong	High-rise apartments, commercial properties	0.3
44	Foshan Aoyuan Lakeside Garden	Foshan, Guangdong	Integrated residential community	4.3
45	Foshan Aoyuan Shanglin Yipin	Foshan, Guangdong	Integrated residential community, commercial properties	207.3
46	Foshan Aoyuan Glorious Mansion	Foshan, Guangdong	Integrated residential community, commercial properties	102.2
47	Sanshui Aoyuan Royal Garden	Foshan, Guangdong	Integrated residential community, commercial properties	117.6
48	Foshan Aoyuan – Redsun Central Parkview	Foshan, Guangdong	Integrated residential community, commercial properties	162.7
49	Foshan Newhope – Aoyuan Gold Sand Mansion	Foshan, Guangdong	Integrated residential community	141.5
50	Huizhou Aoyuan Yushan Lake	Huizhou, Guangdong	High-rise apartments, commercial properties	12.0
51	Huizhou Aoyuan Lingyu	Huizhou, Guangdong	High-rise apartments	98.1
52	Huizhou Aoyuan Huafu	Huizhou, Guangdong	High-rise apartments, commercial properties	10.3
53	Huizhou Aoyuan Long Ji Oasis	Huizhou, Guangdong	High-rise apartments, commercial properties	31.8
54	Huizhou Aoyuan Champion City	Huizhou, Guangdong	Integrated residential community, commercial properties	329.0
55	Huizhou Aoyuan Capital of Kaicheng	Huizhou, Guangdong	Integrated residential community, commercial properties	17.5
56	Huizhou Aoyuan North Ring New Garden	Huizhou, Guangdong	Integrated residential community, commercial properties	75.4
57	Huizhou Aoyuan Tianxiang Glorious Mansion	Huizhou, Guangdong	Integrated residential community, commercial properties	137.3
58	Huizhou Aoyuan Yubo Mansion	Huizhou, Guangdong	Integrated residential community	142.7
59	Huizhou Huidong Hillside Court	Huizhou, Guangdong	Integrated residential community	53.3
60	Zhongshan Aoyuan	Zhongshan, Guangdong	Integrated residential community	38.9
61	Zhongshan Aoyuan Jinyu	Zhongshan, Guangdong	High-rise apartments, commercial properties	30.9



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
62	Zhongshan Aoyuan Garden Life	Zhongshan, Guangdong	High-rise apartments, commercial properties	27.3
63	Zhongshan Aoyuan Lingxiu	Zhongshan, Guangdong	High-rise apartments, commercial properties	5.5
64	Zhongshan Aoyuan Xiangshan Scenery	Zhongshan, Guangdong	High-rise apartments, commercial properties	25.7
65	Zhongshan Aoyuan Lingshang Pearl Garden	Zhongshan, Guangdong	High-rise apartments	14.1
66	Dongguan Aoyuan City Plaza	Dongguan, Guangdong	High-rise apartments, commercial properties	31.4
67	Dongguan Aoyuan Guanlan Glorious Mansion	Dongguan, Guangdong	High-rise apartments, low-density residential	81.7
68	Dongguan Landscape Bay Skyline	Dongguan, Guangdong	High-rise apartments, commercial properties	29.5
69	Dongguan Wanjiang Jinlong Project	Dongguan, Guangdong	Integrated residential community	68.4
70	Dongguan Aoyuan Yusong Lake	Dongguan, Guangdong	Integrated residential community	87.3
71	Jiangmen Aoyuan	Jiangmen, Guangdong	Integrated residential community, commercial properties	6.5
72	Jiangmen Aoyuan Waitan	Jiangmen, Guangdong	High-rise apartments, commercial properties	68.3
73	Jiangmen Aoyuan Greenland Golden Town	Jiangmen, Guangdong	High-rise apartments, commercial properties	1,341.7
74	Jiangmen Jinsheng Project	Jiangmen, Guangdong	High-rise apartments, low-density residential, commercial properties	611.7
75	Jiangmen Aoyuan Precious Palace	Jiangmen, Guangdong	High-rise apartments	143.7
76	Jiangmen Aoyuan Huiyuan New City	Jiangmen, Guangdong	High-rise apartments, commercial properties	117.2
77	Jiangmen Aoyuan Plaza	Jiangmen, Guangdong	High-rise apartments, commercial properties	112.1
78	Jiangmen Gudou SPA Town	Jiangmen, Guangdong	High-rise apartments, commercial properties	181.1
79	Enping Jinjiang International New City	Jiangmen, Guangdong	High-rise apartments, commercial properties	238.6
80	Jiangmen Aoyuan Junting Bay	Jiangmen, Guangdong	Integrated residential community, commercial properties	466.9
81	Meizhou Aoyuan Peninsula View	Meizhou, Guangdong	Integrated residential community, commercial properties	93.9
82	Jiaoling Aoyuan Plaza	Meizhou, Guangdong	High-rise apartments, commercial properties	22.8
83	Wuhua Aoyuan Plaza	Meizhou, Guangdong	High-rise apartments, commercial properties	25.3
84	Meizhou Aoyuan Rhythm on the River	Meizhou, Guangdong	High-rise apartments, commercial properties	33.8
85	Wuhua Aoyuan Park Alley	Meizhou, Guangdong	High-rise apartments, commercial properties	4.8
86	Dabu Aoyuan Plaza	Meizhou, Guangdong	High-rise apartments, commercial properties	394.2
87	Meizhou Aoyuan Platinum Mansion	Meizhou, Guangdong	High-rise apartments	164.7
88	Meizhou Sunac – Aoyuan Jiulong Palace	Meizhou, Guangdong	High-rise apartments	163.7
89	Meizhou Aoyuan Jiye Plaza	Meizhou, Guangdong	High-rise apartments, commercial properties	194.7
90	Meizhou Aoyuan Yue River Mansion	Meizhou, Guangdong	High-rise apartments, commercial properties	169.2
91	Meizhou Nimble – Aoyuan Longyue Mansion	Meizhou, Guangdong	High-rise apartments, commercial properties	335.5



Land Bank (continued)

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
92	Pingyuan Aoyuan Plaza	Meizhou, Guangdong	High-rise apartments, commercial properties	80.4
93	Wuhua Aoyuan Champion City	Meizhou, Guangdong	High-rise apartments, commercial properties	112.8
94	Meizhou Aoyuan – Nimble Splendour Garden	Meizhou, Guangdong	Integrated residential community, commercial properties	191.7
95	Yangjiang Aoyuan Central Parkview	Yangjiang, Guangdong	Integrated residential community, commercial properties	139.3
96	Yangjiang Wanshan Tianyue Garden	Yangjiang, Guangdong	Integrated residential community, low-density residential, commercial properties	96.5
97	Yangjiang Tianjing Garden	Yangjiang, Guangdong	Integrated residential community, low-density residential, commercial properties	335.3
98	Yangjiang Aoyuan Wanshan Tianhui	Yangjiang, Guangdong	Integrated residential community, low-density residential, commercial properties	102.6
99	Yangjiang Longting Villa	Yangjiang, Guangdong	Integrated residential community, commercial properties	208.3
100	Yangjiang Aoyuan Wanshan Tianxi	Yangjiang, Guangdong	Integrated residential community, low-density residential, commercial properties	218.8
101	Aoyuan Cultural Tourism City Shaoguan Lingnan Impression	Shaoguan, Guangdong	Integrated residential community, low-density residential, commercial properties	195.1
102	Fogang Aoyuan	Qingyuan, Guangdong	Low-density residential	13.6
103	Qingyuan Aoyuan	Qingyuan, Guangdong	Low-density residential	62.7
104	Yingde Aoyuan Xinhua Town	Qingyuan, Guangdong	Integrated residential community, commercial properties	905.6
105	Qingyuan Aoyuan Hechuang New Town	Qingyuan, Guangdong	High-rise apartments, commercial properties	87.4
106	Yunfu Aoyuan City Plaza	Yunfu, Guangdong	Integrated residential community, commercial properties	204.0
107	Maoming Easco City	Maoming, Guangdong	Integrated residential community, commercial properties	130.3
108	Maoming Aoyuan Jinyuan Coastal City	Maoming, Guangdong	Integrated residential community, commercial properties	591.3
109	Maoming Aoyuan Dongjiang Prestige Mansion	Maoming, Guangdong	Integrated residential community, commercial properties	164.7
110	Heyuan Shanhuhai Yue Mansion	Heyuan, Guangdong	High-rise apartments	117.4
111	Zhaoqing Aoyuan City Plaza	Zhaoqing, Guangdong	Integrated residential community, commercial properties	105.6
112	Zhanjiang Aoyuan Coastal Houses	Zhanjiang, Guangdong	Integrated residential community, commercial properties	105.7
113	Wuchuan Aoyuan Champion City	Zhanjiang, Guangdong	Integrated residential community, high-rise apartments, commercial properties	353.3
114	Hailan Aoyuan Binjiang Mansion	Zhanjiang, Guangdong	Integrated residential community	200.4
115	Xuwen Aoyuan 16 Nautical Miles	Zhanjiang, Guangdong	High-rise apartments	52.7
116	Zhanjiang Aoyuan Joyful Times	Zhanjiang, Guangdong	Integrated residential community	237.7
117	Zhanjiang Shanhuhai Aoyuan Landscape Mansion	Zhanjiang, Guangdong	High-rise apartments	192.2
118	Zhanjiang Aoyuan Shiyao Central City	Zhanjiang, Guangdong	Integrated residential community	579.8

Land Bank (continued)



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
Chongqing				
119	Chongqing Aoyuan City of Health	Chongqing	High-rise apartments, commercial properties	57.3
120	Chongqing Aoyuan The Metropolis	Chongqing	High-rise apartments, commercial properties	11.0
121	Chongqing Aoyuan Shuiyunjian	Chongqing	High-rise apartments, commercial properties	25.7
122	Chongqing Aoyuan City Plaza	Chongqing	High-rise apartments, commercial properties	46.5
123	Chongqing Aoyuan Beyond Era	Chongqing	Integrated residential community, commercial properties	74.3
124	Chongqing Aoyuan Panlong Yihao	Chongqing	High-rise apartments, commercial properties	51.4
125	Chongqing Mountain in the Clouds	Chongqing	High-rise apartments, low-density residential	95.6
126	Chongqing Aoyuan the One	Chongqing	High-rise apartments, low-density residential	386.2
127	Chongqing Aoyuan Tianyue Bay	Chongqing	Integrated residential community, commercial properties	7.8
128	Chongqing Aoyuan Glorious Peak	Chongqing	Integrated residential community, commercial properties	153.0
129	Chongqing Aoyuan Jinlan Bay	Chongqing	Integrated residential community, commercial properties	119.3
130	Chongqing Aoyuan Glorious Mansion	Chongqing	Integrated residential community, commercial properties	4.0
131	Chongqing Aoyuan Jade Mansion	Chongqing	Integrated residential community, commercial properties	112.0
132	Chongqing Aoyuan Jinke Yangtze River Mansion	Chongqing	High-rise apartments	69.0
133	Chongqing Aoyuan Xiyue Jiuli	Chongqing	Integrated residential community, commercial properties	381.0
134	Chongqing Phoenix City Project	Chongqing	Integrated residential community	317.6
135	Chongqing Aoyuan Yue Mansion	Chongqing	Integrated residential community, commercial properties	151.8
136	Chongqing Huatan Aoyuan Yuanzhu	Chongqing	Integrated residential community	155.9
Hunan Province				
137	Changsha Aoyuan Honorable Mansion	Changsha, Hunan	High-rise apartments	82.3
138	Changsha Aoyuan City of Grandeur	Changsha, Hunan	High-rise apartments, low-density residential	76.9
139	Ningxiang Aoyuan Aristocratic Family	Changsha, Hunan	Integrated residential community, commercial properties	109.6
140	Liuyang Aoyuan Plaza	Changsha, Hunan	High-rise apartments, commercial properties	48.2
141	Changsha De'ao Yuedongfang	Changsha, Hunan	Integrated residential community, commercial properties	584.2
142	Zhuzhou Aoyuan Edinburgh	Changsha, Hunan	Integrated residential community, commercial properties	9.5
143	Zhuzhou Aoyuan Shennong Health City	Zhuzhou, Hunan	Integrated residential community, commercial properties	247.9
144	Zhuzhou Aoyuan Plaza	Zhuzhou, Hunan	Integrated residential community, commercial properties	279.6
145	Liling Aoyuan Champion City	Zhuzhou, Hunan	Integrated residential community, commercial properties	123.6
146	Xiangtan Aoyuan Champion City	Xiangtan, Hunan	Integrated residential community, commercial properties	345.3
147	Yueyang Aoyuan Lake Bay	Yueyang, Hunan	High-rise apartments, low-density residential	119.1



Land Bank (continued)

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
148	Changde Aoyuan Scenery Bay	Changde, Hunan	Integrated residential community, commercial properties	215.8
149	Hengyang Aoyuan Platinum Mansion	Hengyang, Hunan	Integrated residential community, commercial properties	30.1
150	Qidong Aoyuan Plaza	Hengyang, Hunan	High-rise apartments, commercial properties	329.0
151	Hengyang Aoyuan Yinhu Bay	Hengyang, Hunan	High-rise apartments, commercial properties	67.2
152	Chenzhou Changxin Plaza	Chenzhou, Hunan	High-rise apartments	253.7
153	Aoyuan Zhongyuan International City	Chenzhou, Hunan	High-rise apartments	298.8
154	Yiyang Jiangnan Ancient Town	Yiyang, Hunan	Integrated residential community, commercial properties	249.9
Jiangxi Province				
155	Jiangxi Aoyuan	Ganzhou, Jiangxi	Integrated residential community	82.1
156	Ningdu Aoyuan Plaza	Ningdu, Jiangxi	High-rise apartments, commercial properties	35.8
157	Dayu Aoyuan Plaza	Ganzhou, Jiangxi	High-rise apartments, commercial properties	241.1
158	Ruichang Aoyuan Plaza	Jiujiang, Jiangxi	High-rise apartments, commercial properties	610.0
159	Jiujiang Lushan Boyue	Jiujiang, Jiangxi	Integrated residential community	69.5
160	Jiujiang Aoyuan Jinxiu Academy	Jiujiang, Jiangxi	Integrated residential community	182.8
161	Jinke Aoyuan Boyue City	Shangrao, Jiangxi	High-rise apartments	336.3
162	Jiangxi Aoyuan Champion City	Gaoan, Jiangxi	High-rise apartments, low-density residential	956.4
163	Jingdezhen Jinxiu Mountain	Jingdezhen, Jiangxi	Integrated residential community	84.9
164	Nanchang Bocui Central	Nanchang, Jiangxi	Integrated residential community	50.3
Liaoning Province				
165	Shenyang Aoyuan The Metropolis	Shenyang, Liaoning	Integrated residential community, commercial properties	578.8
166	Shenyang Aoyuan Convention Plaza	Shenyang, Liaoning	Integrated residential community, commercial properties	360.2
Guangxi Province				
167	Nanning Aoyuan Shangzhu	Nanning, Guangxi	Integrated residential community, commercial properties	1.2
168	Nanning Aoyuan Mingmen	Nanning, Guangxi	Integrated residential community, commercial properties	81.8
169	Nanning Aoyuan Langting	Nanning, Guangxi	Integrated residential community, commercial properties	2.5
170	Nanning Aoyuan Xuefu	Nanning, Guangxi	High-rise apartments, commercial properties	160.6
171	Nanning Aoyuan Yonghe Mansion	Nanning, Guangxi	High-rise apartments, commercial properties	20.1
172	Nanning Aoyuan Yuanzhu	Nanning, Guangxi	High-rise apartments	91.9
173	Nanning Aoyuan Yu River Mansion	Nanning, Guangxi	Integrated residential community	82.6
174	Nanning Aoyuan Hande Tangyue Mansion	Nanning, Guangxi	High-rise apartments	42.3
175	Nanning Aoyuan Hande Tangyue Mansion Phase 2	Nanning, Guangxi	High-rise apartments	173.4
176	Nanning Shanhuhai Yue Mansion	Nanning, Guangxi	High-rise apartments	40.9



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
177	Nanning Shanhuhai Uptown	Nanning, Guangxi	High-rise apartments	86.4
178	Nanning Aoyuan Hande Yujiang South	Nanning, Guangxi	High-rise apartments	173.8
179	Yulin Aoyuan	Yulin, Guangxi	Integrated residential community, commercial properties	301.5
180	Yulin Aoyuan City of Health	Yulin, Guangxi	Integrated residential community, commercial properties	314.0
181	Yulin Aoyuan Plaza	Yulin, Guangxi	High-rise apartments, low-density residential	167.9
182	Pubei Aoyuan Plaza	Pubei, Guangxi	Integrated residential community, commercial properties	358.8
183	Wuzhou One Lake One City	Wuzhou, Guangxi	Integrated residential community, commercial properties	22.5
184	Wuzhou Aoyuan Guihongda Mansion	Wuzhou, Guangxi	High-rise apartments	68.5
185	Teng County Aoyuan Gurong Champion City	Wuzhou, Guangxi	High-rise apartments	166.9
186	Guiping Aoyuan Plaza	Guiping, Guangxi	High-rise apartments, commercial properties	1,282.4
187	Liuzhou Notting Hill	Liuzhou, Guangxi	High-rise apartments	16.4
188	Liuzhou Aoyuan Hande Bauhinia City	Liuzhou, Guangxi	High-rise apartments	104.0
189	GuiGang Aoyuan Gurong Happiness	Guigang, Guangxi	High-rise apartments, commercial properties	296.1
Jiangsu Province				
190	Kunshan Aoyuan	Suzhou, Jiangsu	High-rise apartments	19.5
191	Kunshan Aoyuan Yujing Lanting	Kunshan, Jiangsu	High-rise apartments	156.9
192	Yangzhou Aoyuan Dream House	Yangzhou, Jiangsu	Low-density residential	9.6
193	Yangzhou Aoyuan The Lake Shine House	Yangzhou, Jiangsu	High-rise apartments	28.0
194	Yangzhou Aoyuan Lakeview Mansion	Yangzhou, Jiangsu	High-rise apartments	181.9
195	Yangzhou Baoying Aoyuan Laodongmen	Yangzhou, Jiangsu	Integrated residential community, commercial properties	108.3
196	Yangzhou Aoyuan Jinghang Bay	Yangzhou, Jiangsu	Integrated residential community, commercial properties	389.8
197	Yangzhou Jiangdu Project	Yangzhou, Jiangsu	Integrated residential community	49.7
198	Taixing Riverside City of Vitality	Taixing, Jiangsu	High-rise apartments	217.1
199	Taixing Shengshixinglong Project	Taixing, Jiangsu	High-rise apartments	67.7
200	Nanjing Changfa Square	Nanjing, Jiangsu	High-rise apartments	103.0
201	Nanjing Aoyuan Jinji Tianzhu House	Nanjing, Jiangsu	High-rise apartments	149.3
202	Nanjing Foret de Septembre	Nanjing, Jiangsu	Low-density residential	112.9
203	Nanjing Zhongyin Zijin Guandi	Nanjing, Jiangsu	Integrated residential community	248.6
204	Nanjing Zijin City Plaza	Nanjing, Jiangsu	Integrated residential community, commercial properties	222.0
205	Nanjing Aoyuan Xiyue Garden	Nanjing, Jiangsu	Integrated residential community	359.8
206	Yancheng Aoyuan Park Yuefu	Yancheng, Jiangsu	High-rise apartments, low-density residential	477.2
207	Aoyuan Guan Yun Garden	Suzhou, Jiangsu	High-rise apartments	63.6



Land Bank (continued)

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
208	Changshu Aoyuan Yujing Court	Changshu, Jiangsu	High-rise apartments	84.4
209	Xuzhou Aoyuan Gem Paradise	Xuzhou, Jiangsu	High-rise apartments	418.9
210	Suqian Aoyuan Riverside Academy	Suqian, Jiangsu	High-rise apartments	369.2
211	Xuzhou Century Ziwei Court	Suqian, Jiangsu	High-rise apartments	326.6
212	Aoyuan Hibiscus Mansion	Jiangyin, Jiangsu	High-rise apartments, commercial properties	107.0
213	Zhenjiang Aoyuan Yufeng Lanyueting	Zhenjiang, Jiangsu	Integrated residential community	88.0
214	Yangzhong Zhongyin Yue City	Zhenjiang, Jiangsu	Integrated residential community	28.7
215	Huai'an Nanpu Jiayuan	Huai'an, Jiangsu	Integrated residential community	270.0
Zhejiang Province				
216	Hangzhou Aoyuan Huajingchuan Urban Park	Hangzhou, Zhejiang	Integrated residential community	64.4
217	Jiaxing Aoyuan Gold Coast	Jiaxing, Zhejiang	High-rise apartments	5.3
218	Jiaxing Aoyuan Tianyue Bay	Jiaxing, Zhejiang	High-rise apartments	71.0
219	Suhu Yunyue Oriental Garden	Jiaxing, Zhejiang	High-rise apartments	64.7
220	Jiashan Aoyuan Xiyue Mansion	Jiaxing, Zhejiang	High-rise apartments	123.1
221	Zhijiang La Luna	Jiaxing, Zhejiang	High-rise apartments	1.4
222	Orchid Garden Project	Jiaxing, Zhejiang	High-rise apartments	2.6
223	Dafa Aoyuan Rongyue Bay	Jinhua, Zhejiang	High-rise apartments	33.1
224	Ningbo Aoyuan Scenery Bay	Jiaxing, Zhejiang	High-rise apartments	6.3
225	Ningbo Aoyuan Lake Bay	Ningbo, Zhejiang	High-rise apartments	3.4
226	Ningbo Aoyuan Aochuang Center	Ningbo, Zhejiang	High-rise apartments	2.1
227	Cixi Aoyuan Yushan Lake	Ningbo, Zhejiang	High-rise apartments	107.0
228	Ningbo Aoyuan Yuedong Bay	Ningbo, Zhejiang	Integrated residential community	71.2
229	Huzhou Aoyuan Tale Mansion	Huzhou, Zhejiang	Integrated residential community	4.1
230	Anji Aoyuan East Realm	Huzhou, Zhejiang	Integrated residential community	146.0
231	Anji Aoyuan Happy Mountain	Huzhou, Zhejiang	Integrated residential community	57.3
232	Huzhou Aoyuan Yishan Mansion	Huzhou, Zhejiang	Low-density residential	49.7
233	Huzhou Aoyuan Longxi Mansion	Huzhou, Zhejiang	High-rise apartments, low-density residential	46.8
234	Huzhou Aoyuan Hushan Mansion	Huzhou, Zhejiang	High-rise apartments	162.6
235	Aoyuan Dafa Palace Central	Wenzhou, Zhejiang	High-rise apartments, low-density residential	17.7



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
Anhui Province				
236	Hefei Aoyuan Glorious Mansion	Hefei, Anhui	Integrated residential community	63.7
237	Hefei Aoyuan Platinum Mansion	Hefei, Anhui	Integrated residential community	67.6
238	Hefei Aoyuan City Plaza	Hefei, Anhui	High-rise apartments, commercial properties	174.6
239	Hefei Aoyuan Centre-ville	Hefei, Anhui	High-rise apartments	55.9
240	Hefei Aoyuan Longchuan Jiuzhu	Hefei, Anhui	High-rise apartments, commercial properties	113.9
241	Hefei Aoyuan Binhu Mansion	Hefei, Anhui	High-rise apartments, low-density residential	100.7
242	Hefei Aoyuan Dongjing Lane	Hefei, Anhui	Integrated residential community, commercial properties	91.5
243	Bengbu Aoyuan Huafu	Bengbu, Anhui	High-rise apartments	7.0
244	Bengbu Aoyuan Ginza	Bengbu, Anhui	High-rise apartments	118.0
245	Bengbu Aoyuan Glorious Mansion	Bengbu, Anhui	Integrated residential community	176.8
246	Dangshan Aoyuan Plaza	Suzhou, Anhui	High-rise apartments	318.5
247	Suzhou Tianyuan Mansion	Suzhou, Anhui	High-rise apartments	238.5
248	Ma'anshan Aoyuan Yu River Bay	Ma'anshan, Anhui	Integrated residential community	126.6
249	Fuyang Jinke Aoyuan Landscape City	Fuyang, Anhui	High-rise apartments	390.8
250	Anhui Outlets No.1	Fuyang, Anhui	Integrated residential community, commercial properties	293.1
251	Xuancheng Shimao-Aoyuan Yunjin	Xuancheng, Anhui	High-rise apartments	128.2
252	Chuzhou Aoyuan Wanxing Yu Mansion	Chuzhou, Anhui	Integrated residential community	123.1
253	Chuzhou Wanxing Aoyuan River Pavillion	Chuzhou, Anhui	Integrated residential community	135.7
254	Liu'an Wanxing Jiuzhou Mansion	Liu'an, Anhui	Integrated residential community	225.5
255	Liu'an Wanxing Boyue City	Liu'an, Anhui	Integrated residential community	121.5
Sichuan Province				
256	Chengdu Chenghua Aoyuan Plaza	Chengdu, Sichuan	High-rise apartments, commercial properties	101.4
257	Chengdu Aoyuan Parkview Mansion	Chengdu, Sichuan	High-rise apartments	128.8
258	Chengdu Honor Mansion	Chengdu, Sichuan	High-rise apartments	157.7
259	Chengdu Aoyuan La Cadiere	Chengdu, Sichuan	Integrated residential community, commercial properties	37.6
260	Chengdu Aoyuan Jiuli Bay	Chengdu, Sichuan	Integrated residential community, commercial properties	175.1
261	Chengdu Aoyuan Tianjiao	Chengdu, Sichuan	Integrated residential community, commercial properties	0.5
262	Chengdu Aoyuan Cloud Mansion	Chengdu, Sichuan	High-rise apartments, low-density residential	74.7
263	Chengdu Jingmao International Mansion	Chengdu, Sichuan	High-rise apartments	252.9
264	Chengdu Aoyuan One Peninsula	Chengdu, Sichuan	High-rise apartments, low-density residential	76.3
265	Chengdu Lohas Commune	Chengdu, Sichuan	High-rise apartments	15.2
266	Chengdu Aoyuan Luyu One	Chengdu, Sichuan	High-rise apartments, low-density residential	155.0



Land Bank (continued)

No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
267	Chengdu Aoyuan – Newhope The Resplendence	Chengdu, Sichuan	Integrated residential community, commercial properties	303.6
268	Chengdu Tianfu New District Project	Chengdu, Sichuan	Integrated residential community, commercial properties	75.4
269	Chengdu Newhope Jinlin Mansion	Chengdu, Sichuan	Integrated residential community, commercial properties	262.7
270	Chengdu Aoyuan Yuanzhong Tahiti	Meishan, Sichuan	High-rise apartments	201.1
271	Guanghan Aoyuan Jiulong Bay	Guanghan, Sichuan	Integrated residential community, commercial properties	129.8
272	Luzhou Glory Mansion	Luzhou, Sichuan	High-rise apartments, low-density residential	108.5
273	Luzhou Gem Palace	Luzhou, Sichuan	High-rise apartments	67.6
274	Nanchong Dream City	Nanchong, Sichuan	High-rise apartments	265.6
Hubei Province				
275	Wuhan Aoyuan International Riverside	Wuhan, Hubei	High-rise apartments	120.2
276	Wuhan Aoyuan Riverside Villa	Wuhan, Hubei	Integrated residential community	154.3
277	Jingzhou Aoyuan Mansion	Jingzhou, Hubei	High-rise apartments	165.1
278	Aoyuan Longting Huafu	Xiangyang, Hubei	Integrated residential community, commercial properties	76.6
279	Xiangyang Aoyuan Donglu Qingchuan	Xiangyang, Hubei	Integrated residential community, commercial properties	135.9
280	Xiaogan Tianhe Peacock City	Xiaogan, Hubei	Integrated residential community, commercial properties	135.2
281	Xiaogan Aoyuan Tianhe Academy	Xiaogan, Hubei	Integrated residential community, commercial properties	69.9
282	Xiaogan Aoyuan Tianhe Academy Phase 2	Xiaogan, Hubei	Integrated residential community, commercial properties	87.1
283	Xianning Aoyuan Poetic Landscape	Xianning, Hubei	Integrated residential community, commercial properties	114.3
284	Xianning Aoyuan Poetic Landscape Phase 2	Xianning, Hubei	Integrated residential community, commercial properties	128.5
Beijing				
285	Beijing Aoyuan Second Ring Plaza	Beijing	High-rise apartments	16.0
286	Beijing Aoyuan Yuanshu	Beijing	Integrated residential community, commercial properties	159.9
Fujian Province				
287	Pingtian Aoyuan Jade City	Fuzhou, Fujian	High-rise apartments	119.5
288	Fuzhou Changle Jiadi Project	Fuzhou, Fujian	Integrated residential community, commercial properties	134.6
289	Pingtian Aoyuan Dingxin Sea Court	Fuzhou, Fujian	Integrated residential community, commercial properties	132.9
290	Pingtian Aoyuan Xiyue Mansion	Fuzhou, Fujian	Integrated residential community, commercial properties	105.2
291	Pingtian Aoyuan Yunjing	Fuzhou, Fujian	Integrated residential community, commercial properties	194.2
292	Quanzhou Aoyuan Xixi Peninsula	Quanzhou, Fujian	Integrated residential community, commercial properties	222.0
293	Shishi Aoyuan Shanglinyuan	Quanzhou, Fujian	Integrated residential community, commercial properties	55.6
294	Shishi Aoyuan Baojia Prestige Mansion	Quanzhou, Fujian	Integrated residential community, commercial properties	72.9
295	Fuding Aoyuan Tianyue Bay	Fuding, Fujian	Integrated residential community, commercial properties	87.6
296	Fuan Aoyuan Shilin Hongzhu	Ningde, Fujian	Integrated residential community, commercial properties	68.0
297	Ningde Shilin Waitan	Ningde, Fujian	Integrated residential community, commercial properties	82.9



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
298	Zhangpu Aoyuan Glorious Mansion	Zhangzhou, Fujian	Integrated residential community, commercial properties	64.9
299	Zhangzhou Aoyuan Shilin Hong Mansion	Zhangzhou, Fujian	Integrated residential community, commercial properties	119.3
300	Zhangzhou Aoyuan Idyllic Mansion	Zhangzhou, Fujian	Integrated residential community, commercial properties	102.5
301	Zhangzhou Aoyuan Yuelu Yunzhu	Zhangzhou, Fujian	Integrated residential community, commercial properties	135.3
Shandong Province				
302	Qingdao Aoyuan Wavy Bay	Qingdao, Shandong	High-rise apartments, low-density residential	14.8
303	Qingdao Aoyuan Top Mansion	Qingdao, Shandong	High-rise apartments	197.0
304	Qingdao Aoyuan Hallym Mansion	Qingdao, Shandong	Integrated residential community, commercial properties	103.0
305	Qingdao Aoyuan-Haier Jade Sky	Qingdao, Shandong	High-rise apartments	470.4
306	Weifang Aoyuan Waterside Spring	Weifang, Shandong	High-rise apartments	40.7
307	Qingdao Aoyuan Yuehai International	Qingdao, Shandong	Commercial properties	30.6
308	Yantai Hailujia Garden	Yantai, Shandong	Integrated residential community	144.8
309	Jining Chunqiu Huating Phase 3	Jining, Shandong	Integrated residential community	217.4
310	Jining Taihe Jia Garden	Jining, Shandong	Integrated residential community	292.2
311	Jining Yue City	Jining, Shandong	Integrated residential community, commercial properties	419.7
312	Jining Changping Garden	Jining, Shandong	Integrated residential community	501.9
313	Jinan Zhongyin Plaza	Jinan, Shandong	Commercial properties, offices	321.6
314	Jinan Zhongyin Yuyuan	Jinan, Shandong	Integrated residential community	92.4
315	Jinan Huixin Times Center	Jinan, Shandong	Integrated residential community, commercial properties, offices	349.6
316	Jinan Longfor Shunshanfu	Jinan, Shandong	Commercial properties	171.6
317	Jinan Hanyu Light Year Center	Jinan, Shandong	Integrated residential community	118.8
318	Jinan Sunshine 100 International New City	Jinan, Shandong	Integrated residential community	2,111.4
Guizhou Province				
319	Weining Aoyuan Plaza	Weining, Guizhou	Integrated residential community, commercial properties	212.9
Shaanxi Province				
320	Xi'an Aoyuan The Maple Garden	Xi'an, Shaanxi	High-rise apartments	10.5
321	Xi'an Aoyuan Glorious Peak	Xi'an, Shaanxi	Integrated residential community, commercial properties	205.4
322	Xi'an Aoyuan Scenery Bay	Xi'an, Shaanxi	Integrated residential community, commercial properties	341.7
323	Xi'an Aoyuan Glorious Mansion	Xi'an, Shaanxi	Integrated residential community, commercial properties	256.2
324	Xi'an Aoyuan Heyue Mansion	Xi'an, Shaanxi	Integrated residential community, commercial properties	261.0
325	Qujiang Aoyuan City Plaza	Xi'an, Shaanxi	High-rise apartments, commercial properties	182.2
326	Xi'an Aoyuan Jewel Bay	Xi'an, Shaanxi	High-rise apartments	156.7
327	Zhongyin Xianghe Jiayuan	Xi'an, Shaanxi	Integrated residential community	81.4



Land Bank (continued)

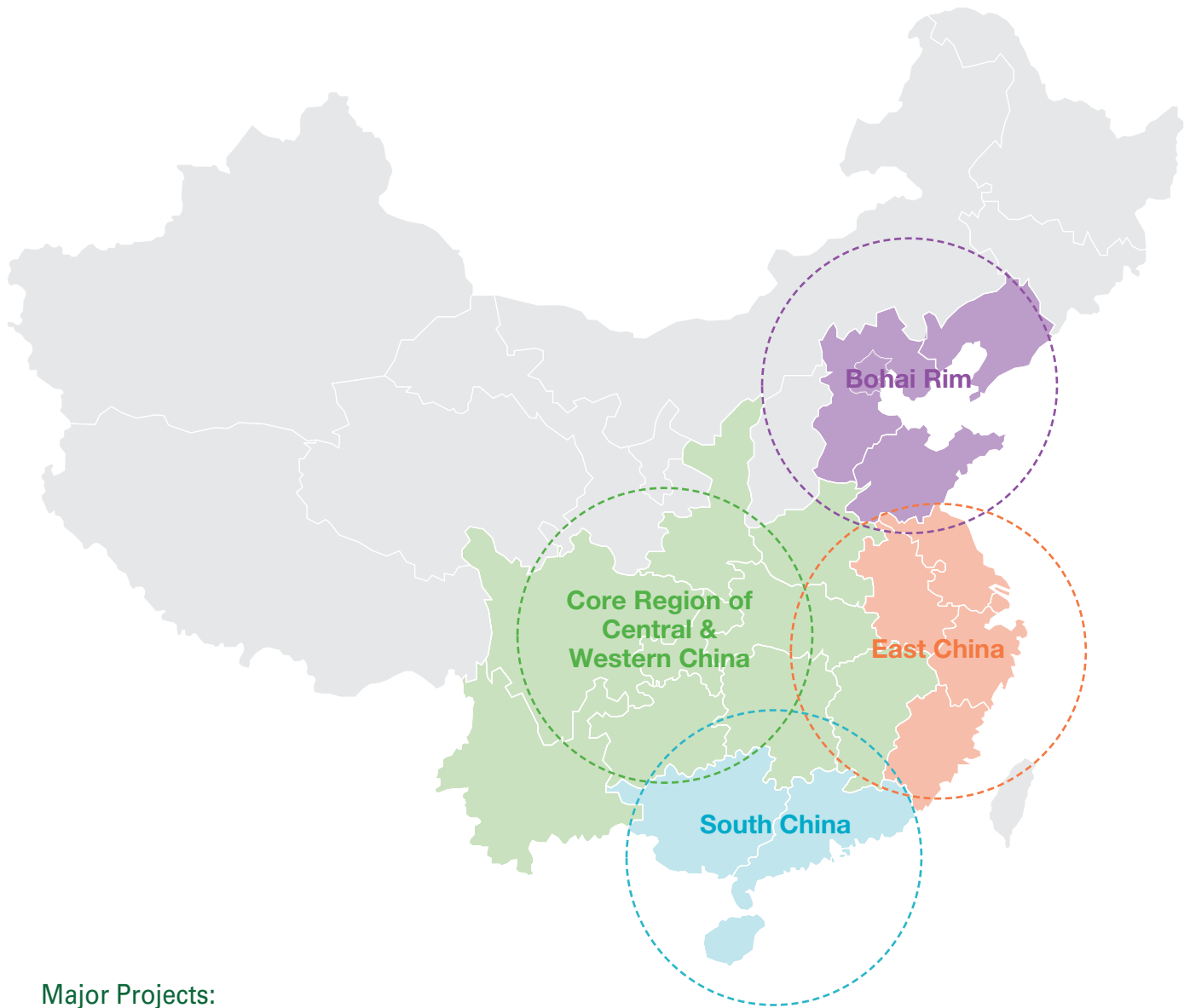
No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
Yunan Province				
328	Kunming Aoyuan	Kunming, Yunnan	Integrated residential community, commercial properties	222.7
329	Dali Aoyuan Shaxi Alley	Jiancuan, Yunnan	High-rise apartments, commercial properties	34.1
Henan Province				
330	Zhengzhou Aoyuan Lakeside Mansion	Zhengzhou, Henan	High-rise apartments	239.8
331	Xinzheng Aoyuan Heyue Mansion	Xinzheng, Henan	High-rise apartments	125.8
332	Zhengzhou Aoyuan Scenery Garden	Xinzheng, Henan	High-rise apartments, commercial properties	249.0
333	Kaifeng Aoyuan Junyue Mansion	Kaifeng, Henan	High-rise apartments	199.0
Tianjin				
334	Tianjin Aoyuan Honor Mansion	Tianjin	High-rise apartments	136.6
335	Tianjing Nanhu Yunhu Court	Tianjin	High-rise apartments, commercial properties	59.6
Hebei Province				
336	Shijiazhuang Aoyuan City in the Clouds	Shijiazhuang, Hebei	High-rise apartments	178.1
337	Shijiazhuang Changan Yi Garden	Shijiazhuang, Hebei	High-rise apartments	129.6
338	Zhangjiakou Aoyuan Glory Mansion	Zhangjiakou, Hebei	High-rise apartments	53.4
339	Zhangjiakou Aoyuan Jingyue Lanshan	Zhangjiakou, Hebei	High-rise apartments	91.7
340	NO.7 Yard Rui Heng	Cangzhou, Hebei	High-rise apartments	86.6
341	Xingtai Aoyuan Royal Mansion	Xingtai, Hebei	High-rise apartments	102.2
342	Xingtai Upper East Capital	Xingtai, Hebei	High-rise apartments	368.6
343	Xingtai Universal City	Xingtai, Hebei	High-rise apartments	849.6
344	Xingtai Aoyuan Yongkai City Plaza	Xingtai, Hebei	High-rise apartments	224.6
345	Xingtai Aoyuan Yongkang City Plaza II	Xingtai, Hebei	High-rise apartments	146.1
346	Langfang Aoyuan Prestige Mansion	Langfang, Hebei	High-rise apartments	38.7
347	Langfang Aoyuan Glorious City	Langfang, Hebei	High-rise apartments	351.2
Shanghai				
348	Shanghai Aoyuan Beauty Valley	Shanghai	Commercial properties	77.5
349	Shanghai Aoyuan-Gemdale Cloud Iridescence	Shanghai	Integrated residential community, commercial properties	127.6
350	Shanghai Blossom Court	Shanghai	Integrated residential community, commercial properties	96.3
351	Shanghai Zhongyin Plaza	Shanghai	Integrated residential community, commercial properties	150.5

Land Bank (continued)



No.	Domestic Project Name	Location	Product Type	Land bank (thousand sq.m)
Hainan Province				
352	Haikou Guanlan Lake	Haikou, Hainan	High-rise apartments	122.9
Hong Kong Special Administrative Region				
353	Hong Kong AOffice46	Hong Kong	Commercial properties	10.9
354	Hong Kong Robinson Road, Mid-levels	Hong Kong	High-rise apartments	4.9
Macao Special Administrative Region				
355	Aoyuan San Francisco Heights	Macao	High-rise apartments	7.8

No.	Overseas Project Name	Location	Product Type	Land bank (thousand sq.m)
Australia				
356	Aoyuan One30 Hyde Park Sydney	Sydney, Australia	High-rise apartments	2.3
357	Aoyuan Maison 188 Maroubra Sydney	Sydney, Australia	High-rise apartments	0.5
358	Aoyuan Mirabell Turramurra Sydney	Sydney, Australia	High-rise apartments	0.5
359	Aoyuan Altessa 888 Gordon Sydney	Sydney, Australia	High-rise apartments	12.8
360	Aoyuan Adela Burwood Sydney	Sydney, Australia	High-rise apartments	8.1
361	Aoyuan Esplanade Sydney	Sydney, Australia	High-rise apartments	9.6
362	Aoyuan Moss Vale Sydney	Sydney, Australia	High-rise apartments	1,230.0
363	Aoyuan Woolooware Sydney	Sydney, Australia	High-rise apartments	76.5
364	Aoyuan Parramatta Lennox Sydney	Sydney, Australia	High-rise apartments	36.4
Canada				
365	Aoyuan The Granville Vancouver	Vancouver, Canada	High-rise apartments	5.5
366	Aoyuan Burnaby Vancouver	Vancouver, Canada	High-rise apartments, commercial properties	123.8
367	Aoyuan Queen's Park Vancouver	Vancouver, Canada	High-rise apartments	4.4
368	Aoyuan One Central Surrey Vancouver	Vancouver, Canada	High-rise apartments, commercial properties	38.3
369	Aoyuan Toronto North York M2M	Toronto, Canada	High-rise apartments, commercial properties	156.5



Major Projects:

Guangzhou Aoyuan - Henderson Academy No.1	59	Yangzhou Aoyuan Jinghang Bay	65
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Foshan Aoyuan – Redsun Central Parkview	61	Chengdu Aoyuan – Newhope The Resplendence	67
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GUANGZHOU AOYUAN – HENDERSON ACADEMY NO.1

GUANGZHOU AOYUAN – HENDERSON ACADEMY NO.1

Guangzhou Aoyuan – Henderson Academy No.1 is located in the south bank of Guangzhou International Innovation City in Panyu, Guangzhou, Guangdong. The project is close to Guangzhou Higher Education Mega Center. Adjacent to Pearl River. The project comes with first class riverfront view. It enjoys convenient transportation with the intercity railway, subway and a number of expressways in proximity, and easy access to the core areas of Guangzhou such as Zhujiang New Town and Pazhou within 30 minutes.

With a total GFA of approximately 300,000 sq.m., the project will be developed into an upscale riverside residential area and a commercial district with an artistic vibe that provides a brand new urban lifestyle.



Major Projects (continued)



ZHUHAI AOYUAN XIANGZHOU TIANDI

ZHUHAI AOYUAN XIANGZHOU TIANDI

Zhuhai Aoyuan Xiangzhou Tiandi is located in the central urban district of Xiangzhou, Zhuhai, Guangdong, adjacent to multiple thoroughfares and connected to various districts within Zhuhai. The project also enjoys a comprehensive transportation network comprising Guangzhou-Macao Expressway, Jinqin Express Line, Guangzhou-Zhuhai Light Rail and Hong Kong-Zhuhai-Macao Bridge, providing convenient access to Guangdong, Hong Kong and Macao.

With a total GFA of approximately 1,110,000 sq.m., the project adopts an urban redevelopment approach of “overall demolition and construction + partial conservation” to preserve relics of Zhuhai Cuiwei Village and will be developed into a contemporary quality community high-rise residential, facilities. The project won the “Greater Bay Area Urban Design Awards 2020”, organized by Hong Kong Institute of Urban Design and Greater Bay Area Urban Designer Alliance, for its excellent planning and design.



FOSHAN AOYUAN – REDSUN CENTRAL PARKVIEW

FOSHAN AOYUAN – REDSUN CENTRAL PARKVIEW

Foshan Aoyuan – Redsun Central Parkview is located in Shishan, Foshan, Guangdong, Surrounded by vast natural landscape of three parks and one lake with rare ecological resources, the project enjoys convenient transportation and auxiliary facilities including West Technology Road Station of Metro Line 4, thoroughfares and expressways as well as a number of the prestigious century-old Shimen schools in Foshan.

With a total GFA of approximately 160,000 sq.m., the project features a communal area characterized by traditional garden elements including pavilions with stream flowing through bridges. The project adopts modern construction technique to create a contemporary-style Chinese garden where owners enjoy a garden-like quality living environment.



Major Projects (continued)



GUANGZHOU AOYUAN YUNHE MANSION

GUANGZHOU AOYUAN YUNHE MANSION

Guangzhou Aoyuan Yunhe Mansion is located in Baiyun Smart City, Guangzhou, Guangdong. The project is next to Jiangfu Station where Metro Line 8 and Line 24 intersect. It enjoys comprehensive auxiliary facilities and is in the proximity of Peiwen Middle School and Primary School of Peking University and eight major business districts in Baiyun, where owners can enjoy the convenience and prosperity of city center life.

With a total GFA of approximately 160,000 sq.m., the project consists of low-density and high-rise residential. The project will be designed based on the concept of "quiet luxury and classical elegance", inheriting the aesthetics of Song Dynasty architecture to create a contemporary Chinese-style garden integrating both natural splendour and cultural heritage.



SYDNEY AOYUAN LENNOX PARRAMATTA

SYDNEY AOYUAN LENNOX PARRAMATTA

Sydney Aoyuan Lennox Parramatta is located in the Parramatta District in Western Sydney, Australia. It is the second most populated district in Sydney and is included in the “Sydney 2036” development plan by Government of Sydney as a key development area and will be developed into the second largest central business district in Sydney.

With a total GFA of approximately 40,000 sq.m., the project is located in the central area of the Parramatta River. The project is also in close proximity to educational institutions including Western Sydney University and University of New England. Close to ferry terminals, light rail stations and train stations, the project enjoys easy access to all parts of Sydney. The project is comprised of a 46-storey main building, with views of the Parramatta River and the Sydney city skyline from afar, providing owners with a poetic lakeside life in the city.



Major Projects (continued)



HEFEI AOYUAN IMPERIAL REALM

HEFEI AOYUAN IMPERIAL REALM

Hefei Aoyuan Imperial Realm is located in the central urban district of Hefei, Anhui, close to the Daqiang Road Station of Metro Line 4, providing easy access to the whole city. The project is surrounded by comprehensive facilities, large shopping districts, high-quality primary and secondary schools and a number of city parks.

With a total GFA of approximately 110,000 sq.m., the project is comprised of low-density and high-rise residentials, as well as commercial. Buildings are arranged in a manner such with lower ones in the south and higher in the north, forming an orderly and sparse distribution which ensures ventilation and sunlight to the maximum extent, and providing owners with a magnificent view.



YANGZHOU AOYUAN JINGHANG BAY

YANGZHOU AOYUAN JINGHANG BAY

Yangzhou Aoyuan Jinghan Bay is located in Guangling New City, Yangzhou, Jiangsu. It is a central business district developed by Yangzhou Municipal Government under the strategy of “One City, Two Wings” and is at the heart of Jing-Hang Grand Canal. With its geographical advantage of the Beijing-Hangzhou Canal Convention Center area and the only inner bay of Guangling New City, the project will fully utilize the Group’s advantages in composite real estate to build a landmark waterfront urban complex in the centre of Yangzhou.

With a total GFA of approximately 390,000 sq.m., the project is planned and designed by Woods Bagot in Australia, one of the top ten renowned architectural firms in the world and will be developed into an all-encompassing plaza fitting modern lifestyle needs, integrating super high-rise office, science and innovation hub, a five-star hotel, shopping mall, culture, sports and leisure facilities, and high-end residential.



Major Projects (continued)



SHANGHAI AOYUAN – GEMDALE CLOUD IRIDESCENCE

SHANGHAI AOYUAN – GEMDALE CLOUD IRIDESCENCE

Shanghai Aoyuan – Gemdale Cloud Iridescence is located in the Anting International Automobile City business area of Jiading, Shanghai, with convenient access to Anting North Railway Station, Anting West Railway Station and Metro Line 11. The project is in the proximity of the Jiading Foreign Language School of Shanghai International Studies University, a nine-year compulsory education school, and other high-quality primary and secondary educational resources. The project is also surrounded by a number of large shopping districts, 3A hospitals and other sophisticated auxiliary facilities.

With a total GFA of approximately 130,000 sq.m., the project will be developed into a complex with high-rise residential, commercial and office.



CHENGDU AOYUAN – NEWHOPE THE RESPLENDENCE

CHENGDU AOYUAN – NEWHOPE THE RESPLENDENCE

Chengdu Aoyuan – Newhope The Resplendence is located in the core Beihu Panda International Tourism area in the central urban district of Chenghua, Sichuan, surrounded by approximately 7,000 mu of parks and greens including Chengdu Zoo. The project is situated at the intersection of five railways, creating half-hour traffic circle across the urban area of Chengdu. It is adjacent to multiple large business districts, China Tourism Group Duty Free Complex and 5A scenic district of Panda Base, etc., integrating auxiliary facilities, culture and ecology.

With a total GFA of approximately 300,000 sq.m., the project encompasses low-density all-glass residential. The communal area is equipped with ten themed gardens and a clubhouse on elevated floors.



Major Projects (continued)



XI'AN QUJIANG AOYUAN CITY PLAZA

XI'AN QUJIANG AOYUAN CITY PLAZA

Xi'an Qujiang Aoyuan City Plaza is located in the core of Yanxiang National Cultural Industry Cluster in the central urban district of Qujiang, Xi'an, Shaanxi. Adjacent to the Huangqutou Station of the Metro Line 5, the project is close to Qujiang Creative Valley. With the planning and development of the QCIC cultural and creative sector, the area enjoys a full range of auxiliary facilities for business, science, education, culture and entertainment.

With a total GFA of approximately 180,000 sq.m., the project adopts the TOD development model to create a Qujiang TOD complex that integrates office, residence, business, leisure and entertainment.



QINGDAO AOYUAN – HAIER JADE SKY

QINGDAO AOYUAN – HAIER JADE SKY

Qingdao Aoyuan – Haier Jade Sky is located in the core area of Laoshan District, Qingdao, Shandong. This district is a new smart district that brings together high-end residential, commercial, fashion shopping, gourmet, entertainment and leisure. The project has rich natural resources and offers exceptionally convenient transportation, being close to the Ocean University Station of Metro Line 11.

With a total GFA of approximately 470,000 sq.m., the project has made use of the natural contours of mountains to form a landscaped corridor, presenting a splendid high-end community environment and bringing quality and comfortable green mountainside living to residents.



Major Projects (continued)



AOYUAN YINGDE CHOCOLATE KINGDOM

AOYUAN YINGDE CHOCOLATE KINGDOM

Aoyuan Yingde Chocolate Kingdom is located in the Liangde Economic Development Zone in Yingde, Qingyuan, Guangdong. The project is an innovative chocolate IP project in China, developing a unique and comprehensive tourist attraction in China, featuring Chocolate Kingdom, Yingdehong tea culture, hot springs, a hotel and a karst landscape.

The project was officially opened on 31 December 2020. Phase 1 has seen the opening of several themed areas: Chocolate Kingdom Theme Park, Tea and Chocolate Town, Yingde Quanlin Water World, and the DoubleTree by Hilton Yingde Resort. The project also joined hands with Mr. Mei Shuyuan, the pioneer of performances in natural settings, to create "The Queen's Party", the first on-site panoramic immersive musical in China which takes audience on a journey of discovery of Chinese Yingde black tea culture and Western chocolate experience.



Aoyuan Virtual 2020 Annual Results Briefing – Main Venue, Guangzhou



Aoyuan Virtual 2020 Annual Results Briefing – Sub-venue, Hong Kong

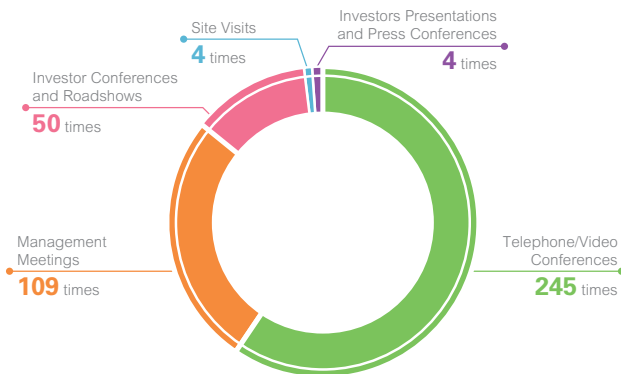
The Group adheres to the highest standard of investor relations management and to maintain a long-term interactive relationship with shareholders and investors. The Group timely disseminates true and accurate information about the Group to investors through a variety of channels. The Group strives to maintain a smooth and effective mutual communication with investors, with a view to enhancing investors' understanding and recognition of the Group's business development, so as to consolidate and expand the investor base, which will help the Group to diversify its financing channels, reduce its borrowing costs and optimize its debt structure.



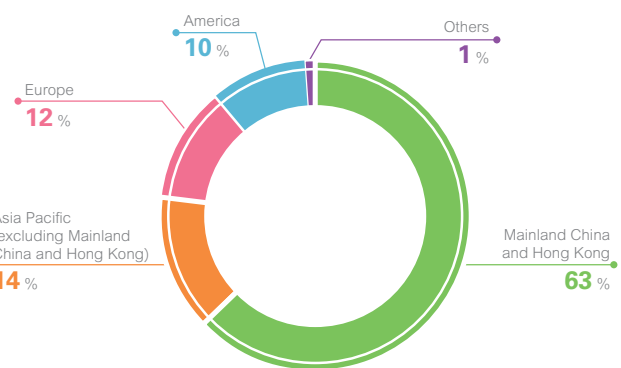
Investor Relations (continued)



Online Annual Results Briefing for 2020



Investor Relations Activities in 2020



Investment Institutions Classified by Region

During the year under review, despite the outbreak of the COVID-19 pandemic, the Group maintained active communications with investors through various platforms including live video and audio streaming, telephone conferences, official website and social platforms, minimizing the impact of COVID-19 pandemic. The Group organized and participated in a total of 412 investor relations activities, including results announcement presentations, management meetings, site visits, investor roadshows and conferences. The Group met with over 1,200 representatives from various investment institutions (of which 51% were equity investors and 49% were fixed income investors) with a view to enhancing investors' awareness of the Group's latest development in business performance, operations and corporate strategies, etc..



The Group regularly disseminated the latest information in a proactive and timely manner through announcements, press releases, monthly newsletters, corporate website and new media platforms such as WeChat. In 2020, 7 major Chinese and foreign investment banks issued initiation and re-initiation research reports on China Aoyuan. A total of 25 Chinese and foreign investment banks and brokers covered China Aoyuan's equity and published over 130 research reports, and are optimistic about Aoyuan's future development.

In 2020, China Aoyuan garnered awards from international renowned financial media, including the "Best Investor Relations Team Award 2020" by The Asset, and was named as an outstanding enterprise in the "Greater China Awards 2020 – Best Overall Investor Relations (Mid-cap), Best Investor Event, Best Crisis Management" by IR Magazine. China Aoyuan also won the Best Information Disclosures in the "Fourth China Excellence IR Awards" by Excellence IR (卓越IR) under Roadshow China, demonstrating that China Aoyuan's corporate governance and investor relations management are well recognized.



*Best Information Disclosures
in the "Fourth China Excellence
IR Awards" by Excellence IR (卓越IR)
under Roadshow China*



*"Best Investor Relations Team Award
2020" by The Asset*



*Outstanding Enterprise in the
"Greater China Awards 2020
– Best Overall Investor Relations
(Mid-cap), Best Investor Event, Best
Crisis Management" by IR Magazine*

The Group is committed to maintaining professional and effective investor relations management. We will continue to optimize investor relations operations, and maintain two-way communications with investors to effectively enhance their understanding of the Group. Meanwhile, we will uphold an open and candid attitude to listen to the views from the capital markets and maintain high transparency, fostering the sustainable development of the Group.



Investor Relations (continued)

INVESTOR RELATIONS CALENDAR 2020

Date	Conference/Presentation	City/Format
Jan	Essence International Investor Conference 2020	Shenzhen
Jan	Huatai HK Research China Property & Property Management Corporate Day	HK
Jan	BNP Paribas China Property Conference	HK
Jan	DBS Pulse of Asia Conference	Singapore
Jan	Morgan Stanley Corporate Day	HK
Jan	UBS Greater China Conference	Shanghai
Jan	Barclays Asia Credit Corporate Day	HK
Mar	China Aoyuan AR2019 Investor Presentation	Guangzhou, HK
Mar	China Aoyuan AR2019 Post Results Non-deal Roadshow	Virtual
Apr	China Aoyuan AR2019 Post Results Non-deal Roadshow	Virtual
May	Huachuang Securities IR2020 Virtual Summit	Virtual
May	BofA Securities APAC Financial and Real Estate Equity and Credit Virtual Conference	Virtual
May	HSBC 7th Annual China Conference	Virtual
Jun	Nomura Investment Forum Asia 2020	Virtual
Jun	Huaxi Securities IR2020 Virtual Investment Summit	Virtual
Jun	UBS 15th HK/China Property Conference	Virtual
Jun	CGS-CIMB HK/China Property and Property Management Conference	Virtual
Jun	Morgan Stanley Private Wealth Management Asia Virtual Conference – Asia Credit Opportunities	Virtual
Jun	Credit Suisse HK/China Property Virtual Corporate Day 2020	Virtual
Jun	Haitong International Property Corporate Day	Virtual
Jun	Citi Asia Pacific Property Conference 2020	Virtual

Investor Relations (continued)



Date	Conference/Presentation	City/Format
Jul	Deutsche Bank China Property High-yield Corporate Day	HK
Jul	DBS Vickers China Property Conference	Virtual
Aug	China Aoyuan IR2020 Investor Presentation	Guangzhou, HK
Aug	China Aoyuan IR2020 Post Results Non-deal Roadshow	Virtual
Aug	Nomura Virtual China Investor Forum 2020	Virtual
Sep	Huachuang Securities Autumn Summit 2020	Virtual
Sep	Jefferies Asia Forum	Virtual
Sep	BofA Securities 2020 China Week	Virtual
Sep	J.P. Morgan Emerging Markets Credit Conference	Virtual
Oct	Haitong International Property Corporate Day	Virtual
Oct	BofA 2020 Asia Credit Conference	Virtual
Oct	J.P. Morgan Asia Credit Conference	Virtual
Oct	Nomura Asian High Yield Corporate Day 2020	Virtual
Nov	Deutsche Bank 24th Annual European Leveraged Finance Conference	Virtual
Nov	Goldman Sachs China Conference 2020	Virtual
Nov	Citi China Investor Conference 2020	Virtual
Nov	11th Credit Suisse China Investment Conference	Virtual
Nov	BofA China Conference 2020	Virtual
Dec	Essence International Annual Investor Conference	Virtual
Dec	Huachuang Securities Investor Summit	Virtual



Corporate Governance Report

The Board recognizes the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders. The Board and senior management of the Company recognized their responsibility to maintain the interest of the shareholders and to enhance their value. The Board also believes a deliberate policy of corporate governance can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

DIRECTORS' RESPONSIBILITIES

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

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.



CORPORATE GOVERNANCE PRACTICES

The Board is responsible for establishing a sound corporate governance framework and procedures and has adopted the CG Code as its corporate governance code of practices.

During the year, the Board had performed, without limitation to, the following:

- (a) formulation and review of the Company's policies and practices on corporate governance;
- (b) review of the training and continuous professional development of Directors and senior management;
- (c) review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- (e) review and monitoring of the risk management and internal control system of the Company to ensure their effectiveness; and
- (f) review of the Company's compliance with the CG Code and disclosure in this report.

For the year ended 31 December 2020, the Company has complied with the provisions of the CG code, details of which are set out on pages 76 and 91 of this report.

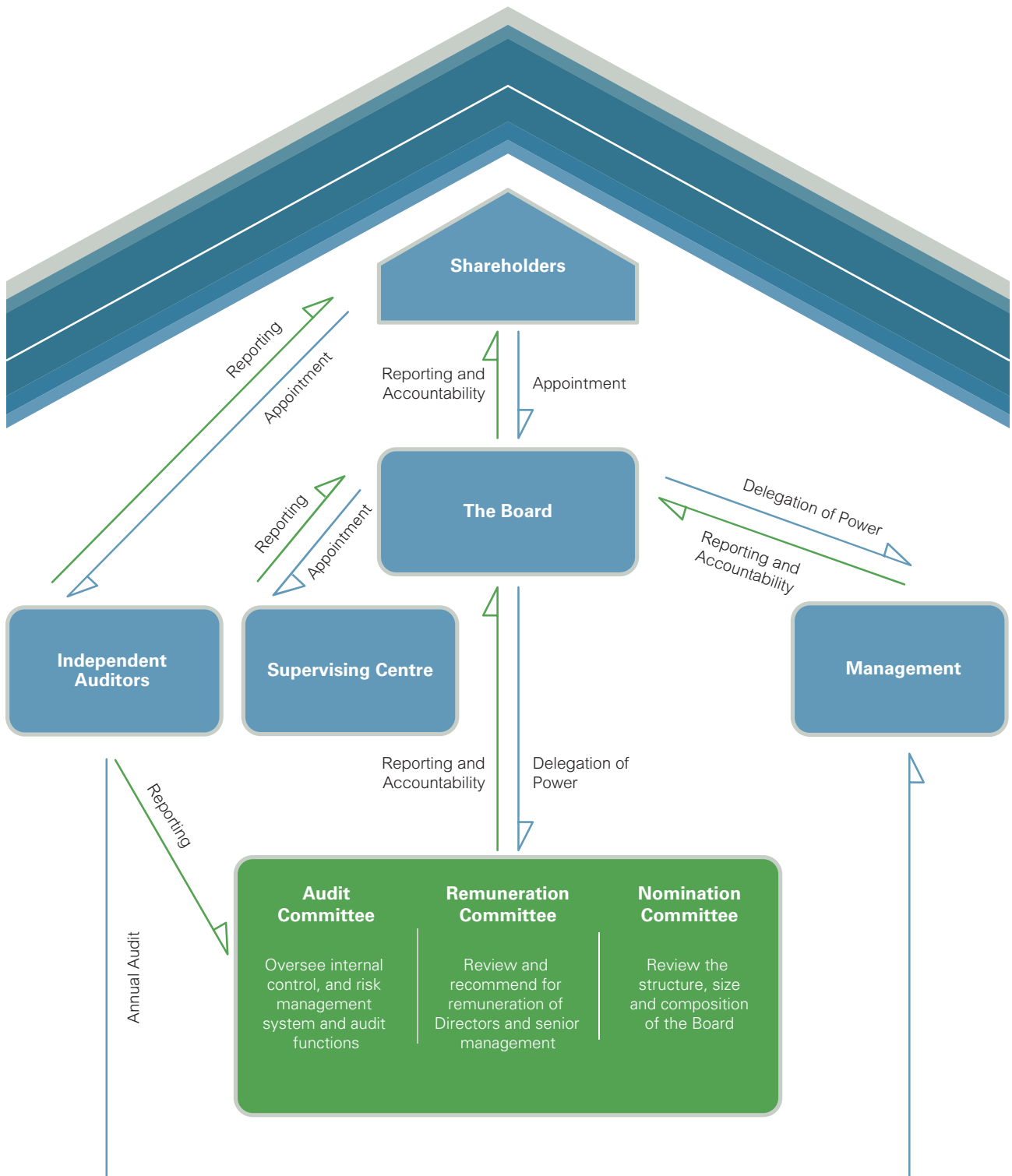
MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.



CORPORATE GOVERNANCE STRUCTURE





Board of Directors

The Board currently comprises six executive Directors and three independent non-executive Directors, providing leadership and guiding the management. Independent non-executive directors represent one-third of the Board. The Company fully complied with the requirements in relation to independent non-executive Directors set out in Rule 3.10 of Listing Rules. The biographical details of each Directors are set out on pages 33 to 41. The Board possesses a balance of skills and experience appropriate for the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business.

The Board is responsible to the shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives as well as policies on risk management pursuant to the Group's strategic objectives.

The Board members up to the date of this annual report were:

Executive Directors

Mr. Guo Zi Wen (*chairman*)

Mr. Guo Zi Ning (*vice chairman and chief executive officer*)

Mr. Ma Jun (*co-president*)

Mr. Chen Zhi Bin (*co-president and chief financial officer*) (*appointed on 27 January 2021*)

Mr. Chan Ka Yeung Jacky (*senior vice president*)

Mr. Zhang Jun (*senior vice president*) (*appointed on 14 April 2020*)

Independent Non-executive Directors

Mr. Tsui King Fai

Mr. Cheung Kwok Keung

Mr. Lee Thomas Kang Bor (*appointed on 13 April 2021*)

Mr. Hu Jiang (*resigned on 13 April 2021*)

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2020, a total of 10 Board meetings were held. Details of the Directors' attendance at the Board meetings are set out under "Directors'/ Committee Members' Attendance at Meetings" below.

There is no relationship among members of the Board except that Mr. Guo Zi Wen is the brother of Mr. Guo Zi Ning.



Corporate Governance Report (continued)

Directors'/Committee Members' Attendance at Meetings

Name of Directors	Meeting Attended/Held During the Year Ended 31 December 2020				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Mr. Guo Zi Wen	10/10			1/1	1/1
Mr. Guo Zi Ning	10/10				1/1
Mr. Ma Jun	10/10				1/1
Mr. Chan Ka Yeung Jacky	10/10				1/1
Mr. Zhang Jun (appointed on 14 April 2020)	5/5				0/1
Independent Non-executive Directors					
Mr. Tsui King Fai	10/10	2/2	2/2	1/1	1/1
Mr. Cheung Kwok Keung	10/10	2/2	2/2	1/1	1/1
Mr. Hu Jiang	9/10	2/2	2/2	1/1	0/1

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group and directors' duties. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for Directors.

The Company has arranged and funded suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Company Secretarial Department of the Company would provide relevant reading materials to the Directors to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills. In addition, all Directors are encouraged to attend external forum, or training course on relevant topics. During the year, the Directors had provided their records of continuous professional development to the Company. The Board has reviewed and monitored the continuous professional development of the Directors.



The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

- (1) Reading memoranda issued or materials provided from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in laws, rules and regulations relating to the duties and responsibilities of Directors and corporate governance; and
- (2) Reading news/journal/magazine/other reading materials as regards real estate, legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Records of the Directors' training during 2020 are as follows:

Members of the Board	Training received
Executive Directors	
Mr. Guo Zi Wen (<i>Chairman</i>)	(1) & (2)
Mr. Guo Zi Ning (<i>vice chairman and chief executive officer</i>)	(1) & (2)
Mr. Ma Jun (<i>co-president</i>)	(1) & (2)
Mr. Chan Ka Yeung Jacky (<i>senior vice president</i>)	(1) & (2)
Mr. Zhang Jun (<i>senior vice president</i>) (appointed on 14 April 2020)	(1) & (2)
Independent Non-executive Directors	
Mr. Tsui King Fai	(1) & (2)
Mr. Cheung Kwok Keung	(1) & (2)
Mr. Hu Jiang	(1) & (2)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Guo Zi Wen is the Chairman of the Board and Mr. Guo Zi Ning is the Chief Executive Officer of the Company. The Chairman of the Board is responsible for the overall strategic development of the Group's operation. The Chief Executive Officer, on the other hand, is principally responsible for the overall management of the Group.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the existing INEDs has been appointed for a term of one year, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs. Two of the INEDs have appropriate professional qualifications or accounting or related financial management expertise.

As at the date of this annual report, Mr. Tsui King Fai and Mr. Cheung Kwok Keung have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their professionalism, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

The Company has received confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs and considers them to be independent.

The Chairman of the Board encourages open and active discussions. Directors may speak freely at the Board meetings and actively participate in the discussions of significant decision-makings of the Company.

The Chairman of the Board places great emphasis on the communication with INEDs and meets INEDs at least once a year in the absence of executive Directors to discuss about the Company's development strategies, corporate governance, and operation management. During the year, the Chairman of the Board held a meeting with all INEDs without the presence of the executive Directors. Details of their attendance record are set out in the following table:

Name of Director	Number of Meeting Attended/ Number of Meeting Held
Mr. Guo Zi Wen	1/1
Mr. Tsui King Fai	1/1
Mr. Cheung Kwok Keung	1/1
Mr. Hu Jiang	1/1



BOARD COMMITTEES

(a) Audit Committee

The AC was established with written terms of reference in compliance with the CG Code. It consists of three members with all INEDs, namely, Mr. Cheung Kwok Keung (as chairman), Mr. Tsui King Fai and Mr. Hu Jiang. Mr. Hu Jiang resigned as member of Audit Committee and Mr. Lee Thomas Kang Bor was appointed as member of Audit Committee on 13 April 2021. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system and internal control procedures of the Company. The terms of reference of AC are available and accessible at the websites of the Company (www.aoyuan.com.cn) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the AC held 2 meetings. Details of the committee members' attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC during the year ended 31 December 2020 is set out below:

- reviewed the announcement of annual results and annual report of the Group for the financial year ended 31 December 2019 before submission to the Board for adoption and publication;
- reviewed the announcement of interim results and interim report of the Group for the six months ended 30 June 2020 before submission to the Board for adoption and publication;
- met with the auditors to discuss the accounting and audit issues of the Group and reviewed their findings, recommendations and representations;
- reviewed the Group's internal control and risk management system; and
- reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes.



(b) Remuneration Committee

The RC was established with written terms of reference in compliance with the CG Code. It consists of three members with all INEDs, namely, Mr. Tsui King Fai (as chairman), Mr. Cheung Kwok Keung and Mr. Hu Jiang. Mr. Hu Jiang resigned as member of Remuneration Committee and Mr. Lee Thomas Kang Bor was appointed as member of Remuneration Committee on 13 April 2021.

The primary duties of the RC are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of the Directors or any of their associates determine their own remuneration. The terms of reference of RC are available and accessible at the websites of the Company (www.aoyuan.com.cn) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the RC held 2 meetings. Details of the committee members' attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC during the year ended 31 December 2020 is set out below:

- reviewed the existing policy and structure of the remuneration of management of the Group;
- made recommendations to the Board on the remuneration packages of the executive Directors and management of the Group;
- reviewed and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board; and
- assessed performance of the executive Directors.

(c) Nomination Committee

The NC was established with written terms of reference in compliance with the CG Code. It consists of four members with one executive Director, namely Mr. Guo Zi Wen (as chairman) and three INEDs, namely, Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang. Mr. Hu Jiang resigned as member of Nomination Committee and Mr. Lee Thomas Kang Bor was appointed as member of Nomination Committee on 13 April 2021.



The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board. The terms of reference of NC are available and accessible at the websites of the Company (www.aoyuan.com.cn) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the NC held 1 meeting. Details of the committee members' attendance are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC during the year ended 31 December 2020 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2020 AGM;
- made recommendations to the Board on the new appointment of an executive Director;
- assessed the independence of INEDs; and
- reviewed the structure, size and composition of the Board.

NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected at the Shareholders' general meeting. At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The remuneration committee carefully considers the qualifications and experience of director candidates and recommends them to the Board for consideration. After the Board passes the nomination resolution in relation to the candidate, it is proposed to the general meeting to elect the relevant candidates for approval.



BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board, based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the AC and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the AC on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the AC.



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

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

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

AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2020 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditors' Remuneration

The financial statements for the year ended 31 December 2020 were audited by Deloitte Touche Tohmatsu of which the term of office will expire upon the 2021 AGM. The AC has recommended to the Board that Deloitte Touche Tohmatsu be nominated for appointment as the auditor of the Company at the 2021 AGM.

There have been no changes of auditor of the Company in the past three years.

During the year under review, details of the professional fees paid/payable to the Company's independent auditor, Deloitte Touche Tohmatsu are set out as follows:

	RMB'000
Audit services	8,000
Non-audit services	
– Interim review	2,180
– Issue of senior notes	2,553
– Provision of tax and other advisory services	458



JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan and Ms. Lee Mei Yi are the joint company secretaries of the Company. Ms. Lee Mei Yi is an executive director of Corporate Services of Tricor Services Limited, and is not a full time employee of the Company. Ms. Wong Mei Shan is a full time employee of the Company. For the year ended 31 December 2020, both of Ms. Wong and Ms. Lee have received not less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The Company recognizes the importance, and takes high priority, on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. Communication with Shareholders

The general meetings provides a channel for communication between the Board and the Shareholders. The Group makes great efforts to enhance the communication with Shareholders. The Shareholders can visit the website of the Company (www.aoyuan.com.cn) for updated information of the Group and press releases are posted on our website in a timely manner.

2. Procedures to convene an extraordinary general meeting

Shareholders may request the Company to convene a general meeting according to the provision as set out in the Articles of Association and the Cayman Companies Act. A copy of the Articles of Association can be found on the Company's website. The procedures for shareholders to nominate a person for election as a Director of the Company is available on the Company's website with title "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".



3. Procedures for Shareholders to Propose a Person for Election as a Director of the Company

The Company also adopted a set of procedures for putting forward proposals by the Shareholders at general meetings.

Subject to the provisions of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at a general meeting, he/she can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and Company Secretary. The period for lodgment of such written notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

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

In order to allow the Shareholders have sufficient time to receive and consider the proposal of election of the proposed person as a Director of the Company, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

4. Procedures to send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 1901-2, 19th Floor, One Peking, No. 1 Peking Road, Tsimshatsui, Kowloon, Hong Kong by post for the attention of the Company Secretary.



INVESTOR RELATIONS

The Company's website (www.aoyuan.com.cn) provides comprehensive and accessible news and information of the Company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform Shareholders and investors of the latest development of the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions. To achieve this, the Company maintains a website at <http://www.aoyuan.com.cn>, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

The general meetings of the Company also provide good opportunity for exchange of views between the Board and the Shareholders. The Chairman as well as chairmen of the NC, RC and AC or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at Shareholders' meetings.

The 2021 Annual General Meeting will be held on 25 May 2021. The notice of 2021 AGM will be sent to Shareholders at least 20 clear business days before the 2021 AGM.

The Board believes effective investor relations can contribute towards lowering cost of capital, improving market liquidity for the Company's stock and building a more stable Shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing relevant information to Shareholders, investors, analysts and bankers. Keeping the Shareholders aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

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



DIVIDEND POLICY

The Board has adopted a dividend policy in compliance with code provision E.1.5 of the CG Code:

Pursuant to the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the discretion of the Board having regard to the following factors:

- (1) the Group's actual and expected financial performance;
- (2) the Group's expected working capital requirements, capital expenditure requirements and future development plans;
- (3) retained profits and distributable reserves of the Company and each of the other members of the Group;
- (4) the Group's liquidity position;
- (5) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (6) the contractual restrictions on the payment of dividends by the Company to its Shareholders, if any;
- (7) the statutory and regulatory restrictions on the payment of dividends by the Company; and
- (8) any other factors the Board may consider relevant.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.



MESSAGE FROM THE BOARD

China Aoyuan Group Limited (“China Aoyuan” or the “Company”), together with its subsidiaries (the “Group”, “we” or “us”), as a pioneer of composite real estate in China, upholds the brand philosophy of “Building a Healthy Lifestyle” and provides quality living experience and habitat to customers. We also fulfil our corporate social responsibility by actively giving back to the community and perseveringly contributing to education, poverty alleviation and community support, etc.. We do believe that, through our persistent efforts, China Aoyuan will achieve sustainable and quality development and become a sustainable and lasting enterprise.

As the advocate of the Group’s sustainable development strategy, the Board attaches great importance to the promotion of sustainable development within the Group, and undertakes the following responsibilities:

- setting sustainable development goals, priorities, management policies and structure;
- assessing sustainable development risks and opportunities, reviewing the Group’s sustainability performance;
- overseeing the implementation of sustainable development measures, ensuring the internal governance mechanism is stable and effective.

Customer experience and satisfaction with our products and services are of paramount importance to the Group. The Group pursues innovation in products and services, and strives to improve customer satisfaction and enhance brand awareness and reputation through establishing a customer satisfaction management system. We apply green building technologies and designs in project development; we promote urban redevelopment and achieve sustainable community. We constantly escalate the requirements and levels of operational standardization to improve overall efficiency.

We believe that talents are the core competitive edge of our business. The Group promotes and disseminates corporate culture, and core value of “Efficiency, Integrity, Responsibility and Shared Success”. We emphasize talent acquisition and cultivation and regularly review the incentive and performance evaluation mechanism to strengthen a platform that encourages our staff to show their talents and strengthens the sense of belonging our staff. The Group is committed to building a corruption-free culture while promoting a positive, healthy and proactive work style.

We have devotedly took up our corporate social responsibility by encouraging our staff to participate in poverty alleviation and supporting the under-privileged. In responding to the unanticipated outbreak of COVID-19 pandemic, we acted promptly and were among the first batch of enterprises to send medical supplies in urgent need to Wuhan and other COVID-19 frontline areas.



Looking ahead, we will continue to actively invest resources to promote the sustainable development, widen the community and charitable service spectrum, and incorporate the resolutely spirit of sustainable development spirit to our corporate governance and operation framework, and we look forward to collaborating with our stakeholders including customers, business partners, investors and employees to create a better future.

The Board
29 March 2021

REPORTING STANDARDS

The Environmental, Social and Governance (“ESG”) Report (the “Report”) is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the ESG Reporting Guide) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China of Chinese Academy of Social Sciences (CASS-CSR4.0), the GRI Sustainability Reporting Standards (the GRI Standards) and the Guide for Business Action on the Sustainable Development Goals (SDGs).

SCOPE OF REPORTING

The Report discloses the ESG performance of business related to property development and property investment in Mainland China from 1 January 2020 to 31 December 2020 (the “2020 Financial Year” or the “Reporting Period”). Unless otherwise stated, the disclosure scope of the Report is consistent with that of the 2019 Environmental, Social and Governance Report.

The environment data disclosed in this Report include only the direct emission and consumption data generated from offices and sales centers during the operation of relevant businesses of real estate development and real estate investment of the Group, and do not include the environment data generated from third parties of the Group, such as contractors, tenants and customers.

The human resource, occupational health and safety and training data disclosed in this report include data of all businesses of the Group as a whole.

REPORTING PRINCIPLES

The Group prepared this Report in line with four principles of materiality, quantitative, balance and consistency according to the ESG Reporting Guide, and disclosed the risk and control measures adopted by the Group in ESG aspects.



HIGHLIGHTS OF 2020

01

MSCI revises up the ESG rating to **BB**



03

The Group donated a total of **RMB32 million** to Jinan University and established "Ziwen Endeavour Scholarship"



The Group makes all-round and multi-dimensional deployment for epidemic prevention and is one of the first enterprises that purchase medical supplies and deliver such materials to Wuhan and other COVID-19 frontline areas

02



04

Since its establishment in 2017, Aoyuan Charity Foundation has supported a total of **76** villages, **68** schools, **4,087** families and **978** students, sent **178** volunteer teachers and had over **1,500** employees working as volunteer

Established in 2017
Aoyuan Charity Foundation



05

The Group achieves orderly resumption of work and **zero** infection in all domestic and overseas entities





06

The Group is honored the “ESG Award – Gold Award” by The Asset, an internationally renowned financial magazine, for **3 consecutive years**

10

50+ urban renewal projects contribute to the preservation of cities’ historic and cultural heritage and the city revitalization

Zhuhai Cuiwei Village Urban Regeneration Project is honored 2020 GBA Urban Design Awards – Plan/Concept Grand Award by the Greater Bay Area Urban Designer Alliance

07

115 projects (on cumulative basis) are certified as one-star or higher quality green buildings

11

The Group becomes a council member of Enterprise Anti-Fraud Alliance and organises **66** anti-corruption trainings in 2020

08

9 projects have the WELL PORTFOLIO™ pre-certification and become IWBI™ members

12

The Group is the first Mainland-based property enterprise that is honored by the Equal Opportunities Commission for promoting diversity and inclusion with the leadership of the Board

09

The Group ranks among the **TOP 10** in the industry with safety performance improvement for 3 consecutive years

Year	Safety Performance Score
2018	84.88
2019	85.31
2020	87.10

Average of the industry top 10: 86.5
Average of the industry top 20: 85.5

Source: Ruijie Consulting

13

The Group is, for the first time, recognized by The Hong Kong Council of Social Service with the “Caring Company” label

商界展關懷
caringcompany[®] 2020/21
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



List of major awards for product design of China Aoyuan (2020):

- Kinpan Awards: Garnered 20 awards, ranking 13th among PRC developers
- GBA Urban Design Awards: Zhuhai Aoyuan Xiangzhou Tiandi
- China Real Estate Design Award (CREDAWARD): Chongqing Aoyuan Jade Mansion, Chengdu Aoyuan Cloud Mansion
- ICONIC AWARDS: Innovative Architecture (Germany): Pingtan Aoyuan Jade City
- Outstanding Property Award London (United Kingdom): Guangzhou Aoyuan Lake Bay
- MUSE Design Awards (United States): Shaoguan Aoyuan Mingyue Jiangshan
- DNA Paris Design Award (France): Chengdu Aoyuan Cloud Mansion
- IIDA Award (Italy): Chengdu Aoyuan Cloud Mansion
- Singapore Interior Design Awards (SIDA) : Chengdu Aoyuan Cloud Mansion
- SBID International Design Excellence Awards (United Kingdom): Guanghan Aoyuan Jiulong Bay

Onshore Awards



Offshore Awards





ESG GOVERNANCE STRUCTURE

Board Engagement

The Board of the Company always attaches great importance to the Group's performance in ESG aspects, and is committed to taking into account the impact on the environment and society in the course of business operations, and assumes management responsibilities. In order to effectively achieve sustainable development, the Board has established a comprehensive ESG management approach, with an aim to integrate relevant elements into daily operations and exert influence in business decisions to achieve green business in the long run.

In terms of implementation, the Board delegates relevant authority to the senior management and various business units in order to achieve higher efficiency in implementation. The management needs to regularly assess the ESG risks involved in the operation and implement appropriate response measures to manage and seize opportunities. The Board has an audit committee and an established risk management and internal control system to regularly assess the risks of the Group as a whole and then reduce the risk to an acceptable level through appropriate and comprehensive internal control plan. The Board, as the final examining and approving authority, will review the information disclosed in the ESG report before release to ensure the accuracy of the content and the timeliness of the Report.

ESG Working Group

The Group has established a sustainability ESG Working Group ("Working Group") to monitor the Group's ESG performance. The Working Group is headed by the Group's senior management and its members are the management of the relevant departments performing environmental, social and governance functions. The major responsibilities of the Working Group are:

Assist the Group to incorporate each ESG related elements into its sustainability approach

Provide advice on developing sustainability related policies, action plans and goals to the management

Monitor the performance and progress of the Group's sustainable development in accordance with established action plans and indicators

Collect environmental, social and governance related information and statistics on a regular basis so as to prepare the environmental, social and governance report



Environmental, Social and Governance Report (continued)

The Working Group regularly reports to the Board on the Group's sustainability performance and the latest developments, in order to ensure that the Board receives sufficient information to effectively review the implementation of the sustainable policies and measures, and follow up in a timely manner.







MATERIALITY ASSESSMENT

Stakeholders Engagement

Stakeholder engagement is of great importance to the sustainable development of the Group. In order to understand and meet the views and expectations of stakeholders regarding the Group's operations within the ESG context, the Group actively maintains good communication with all internal and external stakeholders. The communication channels between the Group and its stakeholders, covering all stakeholders being affected in the course of business of the Group or having a material impact on the operation of the Group, are set out in the following table:

Categories of stakeholders	Our communication channels
 Employees	<ul style="list-style-type: none"> • Questionnaires, interviews and focus groups • Intranet, staff mobile applications and electronic communications • Training and talent development programs • Staff competitions and team-building activities • Staff meetings • Community volunteer service • Risk warning and reporting mechanisms • Reporting mechanism • Channels and procedures of feedback
 Tenants and Customers	<ul style="list-style-type: none"> • Guidelines on fit-out, energy conservation and waste reduction • Interviews • Conferences, seminars and visits • Specialists for maintaining the relationship with tenants and residents • Questionnaires and customer service hotline • Corporate events • Membership of Aoyuan Club(奧園會) • Mobile applications, such as the Apps of Aoyue Club(奧悅會) • Social media • Company website



Environmental, Social and Governance Report (continued)

Categories of stakeholders	Our communication channels
 Local Community	<ul style="list-style-type: none">• Company website• Public/community activities• Volunteer service• Charitable activities and donations• Facilitating urban renewal, heritage and preservation• Providing local employment opportunities
 Supply Chain Partnership	<ul style="list-style-type: none">• Tendering and procurement procedures• Training and presentations• Review and performance evaluation• Meetings
 Shareholders and Investors	<ul style="list-style-type: none">• Annual general meetings to announce annual results• Annual reports and interim reports• Company website• Roadshows and investor meetings• Regular communication• ESG awards and ratings
 Media	<ul style="list-style-type: none">• Media briefings and press releases• Corporate events and visits• Comments and responses to media enquiries
 Academic and professional institutions	<ul style="list-style-type: none">• On-site technical inspection• Membership• Regular meetings and dialogue
 Non-governmental organizations (NGOs)	<ul style="list-style-type: none">• Joint projects• Regular meetings and dialogue• Corporate events and visits



Categories of stakeholders

Our communication channels



Governments and Regulators

- Regular meetings and dialogue
- Project cooperation
- National policy guidance



Peers

- Corporate events and visits
- Exchanges with professional organizations

MATERIALITY AND RELEVANCE ASSESSMENT

Issues of concern to stakeholders are constantly as the market and the environment change. Based on to market trend, opinions gathered via stakeholder communication, and internal review made by the Board, a total of 25 sustainable development issues were identified during the Reporting Period, and conducted a materiality assessment, in order to identify the material and related issues within the environmental, social and governance aspects in business operation, as well as to deeply understand stakeholders' expectations on the Group so as to formulate best-fit business strategies to deal with market needs. The Group, through questionnaires, adopts the following three steps to assess the materiality of an issue towards stakeholders and the entire business.

Identify

The Group distributes questionnaires to stakeholders for better understanding of ESG issues they are exposed to and rank the issues in accordance with their importance.

Analyze

The Group analyzes the results of the survey and combines the feedback from the above-mentioned communication channels in the daily operations to compile a matrix according to the materiality of the issue to the stakeholders and to the business of the Group.

Confirm

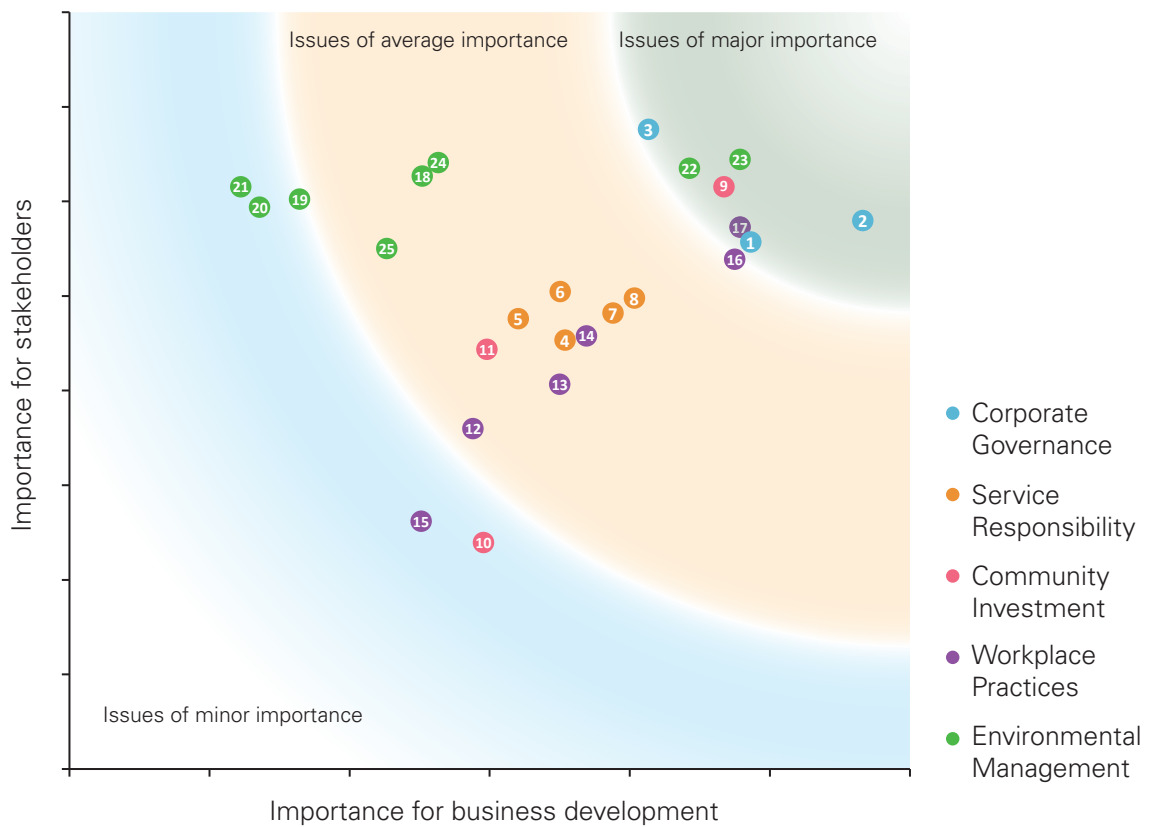
The results of the materiality assessment are reviewed and confirmed by the management and the Board of the Group in response to the concerns of the stakeholders.



MATERIALITY MATRIX






In 2020, the CSR material issues of the Group with greatest materiality were determined as follows:

Aoyuan's CSR Materiality Matrix in 2020



Environmental, Social and Governance Report (continued)



Category	Issue
 Corporate governance	1 Anti-corruption, bribery, fraud and money laundry
	2 Sustainable development strategy
	3 Preventing child labour and forced labour
 Service responsibility	4 Supply chain management
	5 Customer service
	6 Information protection and privacy
	7 Intellectual property protection
	8 Advertisements and labels
 Community investment	9 Urban redevelopment and co-building
	10 Volunteer activities and community development
	11 Communications within the community
 Workplace practices	12 Employees recruitment and team building
	13 Employees remuneration and benefits
	14 Diversified equal opportunities
	15 Learn the needs of the employees
	16 Health and safety of the employees
	17 Career training and development
 Environment Management	18 Air pollutant emission
	19 Waste water treatment and disposal
	20 Climate change and emission of greenhouse gas
	21 Treatment and recycling of waste
	22 Energy consumption and efficiency
	23 Water usage and efficiency
	24 Tree management and conservation
	25 Biodiversity

The operation activities of the Group do not involve the production of plentiful hazardous wastes and the use of packaging materials; therefore, the relevant disclose does not apply.



Environmental, Social and Governance Report (continued)

Based on the above materiality matrix, the Report will cover the following related issues, and describe them in order of importance.





CORPORATE GOVERNANCE

Anti-corruption and bribery

The Group adheres to the corporate spirit of “Efficiency, Integrity, Responsibility and Shared Success”, and actively promotes the corporate integrity culture. The Group adheres to the following policies:

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange, promoting structured and transparent management
- Highlighting the construction of the internal integrity mechanism, and establishing internal supervision center, which directly reports to the chairman of the Audit Committee and/or the Board
- Raising the integrity awareness of the employees and conducting training on integrity, laws, regulations and the prevention of risks
- Preventing commercial bribes, prohibiting any bribery or behavior in violation of commercial ethics between employees and suppliers, and sending the Integrity Initiative to about 1,000 key partners
- Establishing a joint mechanism on the prevention of commercial crimes, and promoting the integrity culture with the owners, suppliers and business partners through the three defences, “Anti-corruption by culture”, “Internal management and control” and “External joint defense”
- Integrity review would be carried out in the process of employee induction and promotion; irregular monitoring and inspections were conducted; a gift registration and reporting system was strictly implemented
- Creating an official WeChat account of “Moral Aoyuan”, which include sections on integrity management, supervision and reporting, offering regular tweets of integrity supervision and relevant information, and improving the construction of integrity publicity and education platform

During the year, the Group has no significant matters in violation with any laws and regulations related to anti-corruption, blackmail, deception and anti-money laundering. The Group strictly complies with the corresponding rules and regulations, has issued relevant integrity notices and established an anti-corruption mechanism, holds relevant forums and training regularly to strengthen the sense of integrity of the employees.



We are highly recognized by different sectors of the community for our operation principles of credibility and integrity and were named “Guangdong Province Enterprises of Observing Contract and Valuing Credit” by Guangzhou Administration for Industry and Commerce and Guangzhou Enterprise Credit Promotion Association for 21 consecutive years, and awarded as “Top 20 Property Enterprises with High Credit” by Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank for 19 consecutive years.

China Aoyuan Becomes a Council Member of Enterprise Anti-Fraud Alliance

In March 2019, China Aoyuan joined Enterprise Anti-Fraud Alliance to strengthen anti-fraud communications with members of the alliance, work together with the members to combat corruption, fraud, information security infringement and other irregularities, improve the anti-corruption governance, and build the virtuous circle of integrity and honesty. In July 2020, China Aoyuan became a council member of Enterprise Anti-Fraud Alliance.

Jointly established by benchmarking enterprises of many industries, in June 2015 in China, Enterprise Anti-Fraud Alliance is the first non-governmental non-profit organisation founded by enterprises for the purpose of anti-fraud.



Anti-bribery in Bidding and Procurement

China Aoyuan values integrity of supply chain, and implements open procurement measures. A supervision unit was established within the Supervision Center to manage centralized procurement and project bidding. A transparent bidding and procurement platform was established to open the unit sourcing. Integrity clauses were attached into contracts to monitor procurement activities.

Advocates Anti-bribery Initiatives to Business Partners

The Supervision Center and the Cost Management Center jointly promoted the Anti-bribery Initiative and sent hard copies of the Integrity Initiative to about 1,000 partners in July 2020. The event was to advocate a fair business relationship and a transparent bidding procedure.





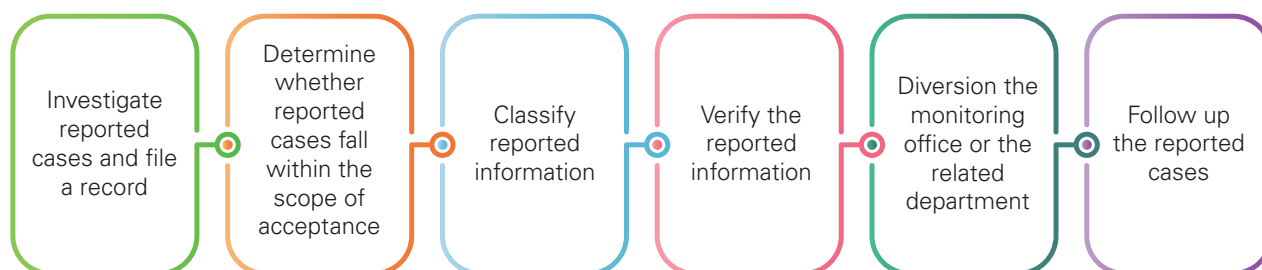
Anti-corruption Measures

The Supervision Center firmly lays equal stress on prevention and combat, and strives to build the full-coverage “three defences”:

- working with human resources department to conduct comprehensive integrity review on new deputy managers and those of higher levels.
- building the three-level vertical education defence, taking OA News and official WeChat accounts “Aoyuan Ren” and “Moral Aoyuan” as the carrier of education and promotion, and appointing 45 legal personnel as “integrity supervisors”, to delegate the supervision to the frontline
- establishing the “three-in-one” supervision defence comprising disclosure, inspections and “review”. The Group conducts “review” on the management suggestions proposed for case handling, monitors the implementation of rectification measures, and builds a stable integrity management defence

Whistle-blowing Procedures

The Group establishes an open whistle-blowing model and encourages the real-name whistle-blowing, while keeping the information of the real-name whistle-blower confidential and protecting the whistle-blower in accordance with laws. In anonymous whistle-blowing, the whistle-blower must provide verifiable clues or evidence. In the case of anonymous whistle-blowing without clear clues or evidence, the Supervision Center can reject the case when the whistle-blower does not reply or refuses to provide materials and information related to the case within the prescribed time limit after it has communicated with the whistle-blower via a mail or a call.



Monitoring

The Supervision Centre carries out a review of integrity in the process of employee induction and promotion, and gives feedbacks based on internal investigation and data from the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance, the “Greater Bay Area Enterprise Monitoring Alliance”. Each stationed monitoring office is responsible for the integrity review on employees at deputy manager level and above of the relevant sub-group. The human resource department must report relevant information to the monitoring office in a timely manner prior to employee induction and promotion.



Anti-corruption education

During the year, the Group carried out a total of 66 anti-corruption education and training sessions, including briefing on the anti-corruption department, interpretation of supervision codes and anti-corruption practices, analysis of typical cases, covering 8,849 employees across professional teams.

Anti-corruption Training

In August 2020, the Supervision Center held the anti-corruption training in Zengdeng and Chengdu to new employees on the “New Recruits Plan” online new employee training session. The relevant activities covered over 250 participants. These activities aimed at firmly advancing the supervision strategy of prioritizing prevention and education, and promoting the concept of making money by transparent means.



“Integrity Supervisors” Appointment Ceremony

To further strengthen the anti-corruption system, the Commission for Discipline Inspection and the Supervision Center of the Group launched a “integrity supervisors” system. 45 legal personnel are selected as the first batch of “integrity supervisors.” the “integrity supervisors” appointment ceremony was held in December 2020.





Anti-child Labour and Anti-forced Labour

We strictly abide by laws and regulations on prevention of child labour or forced labour and prohibit the Group and all its subsidiaries from recruiting employees below the minimum legal working age and never allow forcing employees to work through illegal or immoral methods. All employees shall sign the employment contract with the Group on voluntary basis according to laws and shall hold valid identification documents for the purpose of verification by the human resources department of the Group. The Group formulates internal guidelines for the human resources department to ensure legal compliance in the recruitment process and safeguard human rights. The Board will regularly review the relevant measures and their implementation and make corresponding arrangements in a timely manner.

SERVICE RESPONSIBILITY

Real Estate Project Development

The Group is committed to building its property projects with exquisite craftsmanship. It devotes itself to improving the quality of property projects in respect of design, engineering, marketing and customer services, to improve business operational efficiency and customer satisfaction. The Group also sets project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which will be regularly updated and communicated to relevant employees. Meanwhile, we will require suppliers to comply with such standards and include such standards in the terms of relevant contracts. Also, the Group has in place several project management systems, and arranges regular inspections and engages independent third parties to conduct actual survey and measure and safety assessment on major construction projects according to those standards, to ensure the quality of our projects. In 2020, various projects of the Group have received a total of 54 domestic and international awards, including Outstanding Property Award London, The Architecture MasterPrize, France DNA, Italy IIDA and Singapore SIDA.



Guangzhou Aoyuan Lake Bay



Anji Aoyuan East Realm



Guanghan Aoyuan Jiulong Bay



Pingtan Aoyuan Jade City



Chongqing Aoyuan Jade Mansion



Huzhou Aoyuan Hushan Mansion



Environmental, Social and Governance Report (continued)

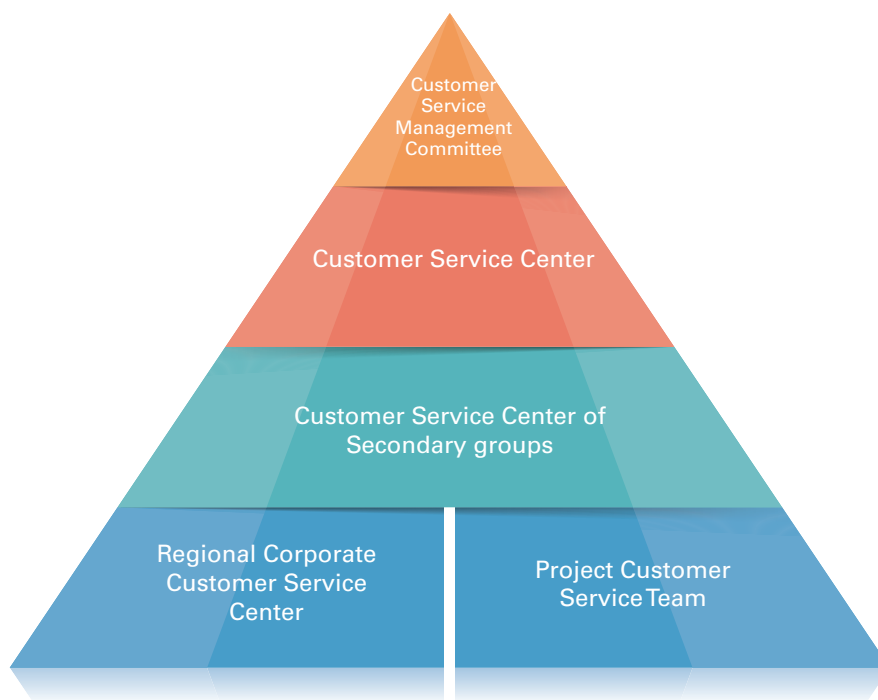
All projects strictly comply with national legal requirements and are inspected and accepted by relevant governmental authorities to ensure that the projects meet the standards. The Group has established internal guidelines to regulate the property delivery process, including pre-delivery inspection and follow-up, and delivery process operations. The Group established relevant systems on the selling, pricing, positioning and other aspects and fully implemented the integrity principle to strictly prohibit any untruthful statements in sales advertisements and brochures which could mislead consumers.

Customer Services

We take customer relationship management as an important direction to build the corporate's core competitiveness. We thoroughly analyze the current customer service management model, and proposed to reorganize and improve the customer service structure, upgrade the existing customer service center, and improve the service management system. We also put our focus on customer satisfaction, and strive to improve the customer service level to the industry leading level.

"3+1" Customer Service Management Structure

The Group has set up the Customer Service Management Committee and built the "3+1" customer service management structure, which is responsible for centralized addressing of customer service affairs. The "3+1" customer service management structure is a three-level structure, including the Customer Service Center of the Group, customer service centers of secondary groups and regional companies. In addition, the project-level customer service units serve as the supplement and are responsible for dedicated customer services of specific projects.



"3+1" Customer Service Structure



Customer Risk Management System

In 2020, the full-cycle customer-oriented risk management system was launched to facilitate the multi-function coordination and effectively control customer risks in the process of sales and delivery.

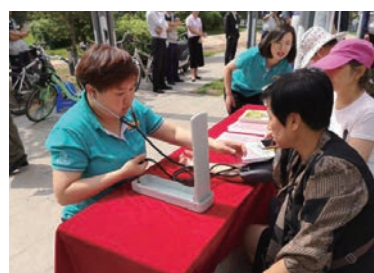
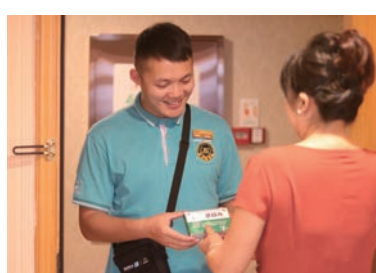
Upholding the craftsman spirit, we conduct the “mine clearance action” and “unit-by-unit inspection” before the delivery, and provide the one-stop heart-warming services including housewarming services and after-delivery services.

Handling Customer Complaints

The Group standardizes the customer service process, including general enquiry, complaint handling and response, and crisis management. In the year, the Group received a total of 16,023 service complaints, and recorded 90% of customer compliant settlement rate.

Attentive and Smart “Steward Services”

- Command center, the hub of information communication: the standardization of customer service order sending, service following up and revisiting for feedback. with the command center serving as the hub, the information and order management mechanism ensures and the multi-level coordination of projects, regions and the headquarters, to ensure that customers’ requirements can be addressed promptly with high-quality solutions.
- Exclusive steward, active and attentive services: through gridding, the system appoints exclusive stewards to owners and the stewards identify owners’ demands from the perspective of owners, and apply the back-end support including priority, environment and facilities & equipment to allocate resources and satisfy owners’ requirements rapidly.
- Smart home, convenient and comfortable life: Through the WeChat accounts “Aoyuan Healthy Life” and its strong back-end resource it connects to, owners can enjoy value-added services including the delivery of parcels, the purchase of daily necessities and decoration inspections.





400 Call System

The 400 hotline system is a customer communication channel to handle customers' complaints more systematically. It can also identify inter-department resource sharing, multiple business processing and marketing and other integrated functions, replacing the previous simple telephone answering and registration consultation model.

At the beginning of 2020, the Group have completed the all-round promotion of 400 Call System in numerous communities under management, and the Customer Service Center has comprehensively upgraded 400 Call System:



400 Hotline System Interface

Responsibility Upgrading

Around-the-clock

Services are available for 24 hours from Monday to Sunday

Full-coverage

Services cover customers, partners and employees

Whole-process

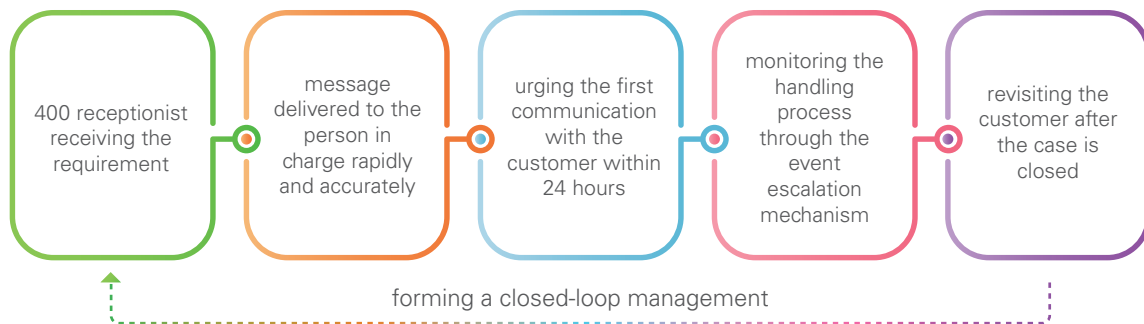
Information is provided to the person in charge promptly and accurately, the progress on every link of the matter is tracked

Full revisiting

100% revisiting is conducted after the case is closed for the purpose of feedback and suggestions



Procedure Upgrading



System Upgrading

Pop-up message when call comes

Automatically identifies calls from customer and receptionists share the requirement, which increases the communication efficiency

Accurate distribution

Quick search function to deliver requirement to the person in charge by one key, realizing cross departments collaboration

Recording for record

Automatic voice record for future quality check

Organizing and empowering

Through its trigger and upgrade system to achieve multi-level management

Data analysis

Intelligent analyzer of reporting messages, to build case database for understanding customers and thus enhancing product strengths



Improvement of Customer Satisfaction

In 2020, the Group engaged a third-party professional agency to assess the customer satisfaction. The assessment covered a total of 360,406 customers, and the overall customer satisfaction scored 80, indicating an improvement of 20% from the prior year. The parts of property services and established customers witnessed significant improvements of 92% and 87% respectively.

Health Keeper Service Programme

Aoyuan Healthy Life Group promotes the pilot programme of health keeper service to improve the residential property service experience, by providing property stewards with trainings about health knowledge and equipping all stewards with health kits, which contain bandages, medical gauze, thermometers and first aid handbooks, to offer owners help in emergencies. Stewards share “Better Health” series tweets on Moments every Thursday, and the official WeChat account Aoyuan Pleasant Life publishes “Health Keeper” series tweets on every solar term, conveying the health concept to owners.

Aoyuan Healthy Life Group wins honors including China Property Service Enterprise (TOP 14), China Top 10 Property Enterprises with Investment Value (TOP 8), China Property Service Enterprise of the Year with Social Responsibility, Top 10 Listed Property Service Companies and Property Service Enterprise Brand Value (Top 20).

The Group reviews the customer satisfaction on the semi-annual basis, and incorporates the review results of customer complaint management and customer satisfaction management into the work performance review. It establishes the customer loyalty fund for matters including handling customers’ complaints and organising customer activities, so as to improve the customer cohesiveness and loyalty. For activities that are prone to disputes, such as launching projects to the market and sales, the Group tailors the standard handbook and strictly controls the service quality, to reduce complaints and improve the customer satisfaction.



Intellectual Property and Personal Information Protection

In order to protect intellectual property rights, the Group’s centralize trademark registration and entrusts a professional intermediary team to provide advice and services.



Environmental, Social and Governance Report (continued)

The Group respects the personal privacy of the customers and employees, and understands the importance of protecting personal information. We are committed to complying with national and local laws and regulations in relation to personal information and privacy, and sets the codes and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in order to avoid information leakage or illegal use.

In 2020, the Group has no significant matters in violation with any laws and regulations related to products and services quality. The Group strictly complies with the laws and regulations. Various business units will check the relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, the relevant department heads will be notified immediately so as to make business adjustments in time.

Supply Chain Management

The Group attaches importance to supply chain management and strictly formulates its internal management system such as bidding and procurement, and suppliers inspection, and regulates the supply chain and procurement activities.





The Group sets strict supplier admission assessment procedures, establishes a supplier database, and cultivates high-quality strategic partners. The Group assesses suppliers' contract fulfillment on quarterly basis through third party inspection, flight inspection, and random inspection. The Group maintains and updates the supplier base from quantity, quality, cooperation degree, contract fulfillment and responsibility.

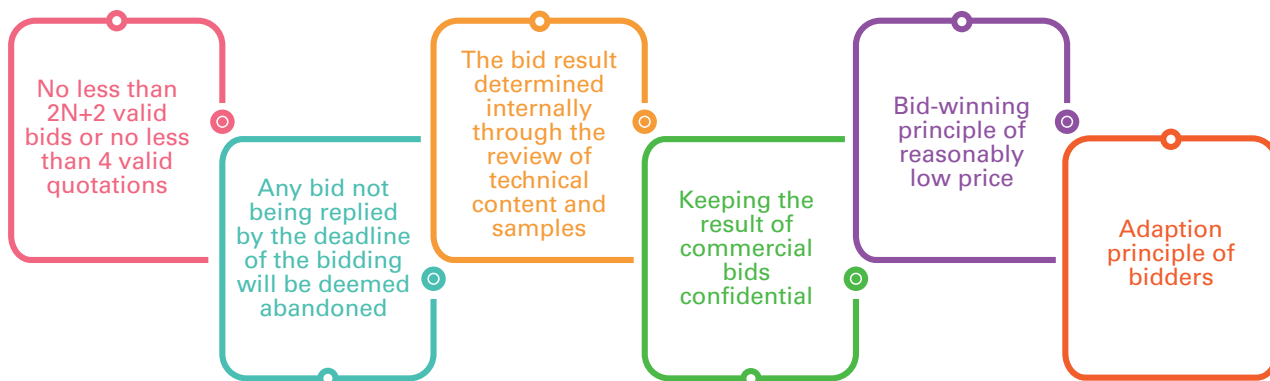
The Group has established an assessment system for evaluating supplier's performance. We conducts appraisal on suppliers based on comprehensive criteria including the project experiences, professional knowledge, environmental protection policies and measures, the records of work-related injuries and accidents whether they used child labours and forced labours and community participation of suppliers. It also requires suppliers obtaining certifications on quality, environmental protection and social responsibilities, such as ISO9001 and ISO14001.

The Group continuously monitor the construction of suppliers, the products and services supplied by them, regularly review the list of suppliers, conduct appraisal on and field review of suppliers. If there are failures, it will require suppliers conducting improvement immediately and even suspend the engagement with the supplier to ensure that all of the existing suppliers of the Group meet our quality requirements and the criteria on social responsibilities.

Supplier Selection and Supervision

The Group conducts a fair and open bid inviting mechanism, including inviting sufficient number of companies to participate in bidding, segregation of duties during the bidding process such as identifying suppliers and reviewing bidding documents, ensuring the confidentiality of bidding documents. We regularly reviews the bid inviting mechanism in order to reduce risks on bribery and malpractices due to control loopholes.

During the year, the Group cooperated with 4,345 suppliers in China (2019: 2,016) The principles on centralized procurement through tendering are required as below:





Environmental, Social and Governance Report (continued)

For main contractor and bulk renovation, we also require suppliers to meet the following conditions:

- The actual contractor shall participate in the entire inspection process, and the inspection project must be constructed by the actual contractor
- The inspection project must meet our requirements at construction stage for similar projects
- Having cooperated with current TOP30 real estate companies
- Healthy financial indicators
- Whether having third-party evaluation experience or not
- Good customer satisfaction survey results
- The quality of construction sites meets the standards, such as the subject organization's perception, masonry, and plastering quality meeting the Group's quality requirements
- Having a safe and civil construction site, with the appearance of the site and the border protection meeting the requirements, and is not dirty or messy

In addition, the Group must comply with the environmental products and services regulation when selecting suppliers. Therefore, all of the purchased materials must meet national environmental protection requirements, and effective monitoring methods have been established within the Group to maintain a green supply chain. If the supplier violates the Group's requirements or fails to meet the performance requirements (including environmental and social related performance) in the process of providing services or products, regular evaluation results of the supplier will reflect whether the contract can be renewed. In severe cases, the Group may even terminate the cooperation relationship immediately.



Supplier Communication and Training

China Aoyuan attaches great importance to the communication. We have improved the cooperation efficiency and enhanced mutual trust and dependence through communications such as project seminars and project site exchanges. In 2020, we organised site visits and exchange sessions surrounding the A+ Workshop for suppliers of fit-outs, and organized seminars with cost, engineering and design specialists to discuss current cooperation, improvement measures, new materials and processes and other aspects, promoting the annual centralized procurement cooperation across the country.

Launch of Supply Chain Centralized Procurement System

The project conducted demand survey and analysis for supply chain centralized procurement business, completed information collection from 141 centralized procurement suppliers, sorted and classified 17,800 items of materials, updated 151,068 bank codes and initialised 182 online units, and planned the overall business blueprint based on the survey results.

The supply chain centralized procurement system was integrated with the Group's other enterprise resource plans, and a closed-loop system was built for the entire business process of supply chain supplier extranet coordination, strategic procurement agreements, order management and collection and payment management to achieve full coverage of the supply chain centralized procurement business, online flow of process approval, cross-line business integration and cost control.



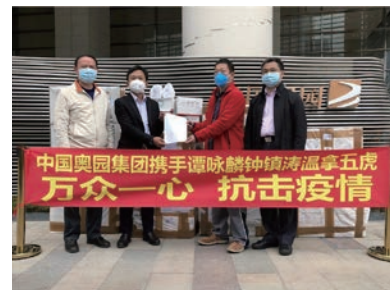
COMMUNITY INVESTMENT

We actively assume corporate social responsibilities by setting up Aoyuan Charity Foundation, participating in various public welfare activities such as education aid, poverty alleviation, charity donation, environmental protection and etc. as well as encouraging employees to participate in volunteer activities, so as to contribute our effects and love to build a beautiful and harmonious society. During the Reporting Period, the Group invested a total of RMB9 million to the community and a total of 2,650 hours to the community.



Pandemic Prevention

When the COVID-19 pandemic broke out in 2020, China Aoyuan took actions immediately. It was one of the first companies to directly procure medical supplies both domestically and overseas and deliver them to the frontline of Wuhan and other affected regions. On 26 January 2020, China Aoyuan had shipped and donated medical supplies procured around the globe including N99 and N95 masks to the medical workers of designated frontline hospitals in the affected areas of Wuhan. The Group had procured over 1.2 million masks, as well as a substantial number of medical supplies including medical ventilators, protective coveralls, infrared thermometers, gloves, etc. via global channels and donated them to the frontlines of Wuhan, Guangzhou, Zhuhai, Meizhou, Yunfu, Guizhou, Jiashan, Hong Kong etc.



In order to alleviate the impact of the epidemic on the business operations of merchants, the Group waived 15-day or half-month rents for merchants in its self-owned commercial properties such as Aoyuan Plaza and Aoyuan City Plaza. For merchants of light-asset projects under entrusted operation, China Aoyuan actively communicated with project owners and reached the consensus to waive 15-day rents. China Aoyuan also encouraged supermarkets and merchants related to people's life to adopt the principles of "no price hike, no supply shortage, no closing time" on the condition that pandemic control measures were implemented effectively.

During the pandemic, Aoyuan Property actively provided owners and commercial tenants of communities under management with value-added services. Aoyuan Property launched the activity of "sending whatever vegetable you want", and delivered vegetables purchased from farmers of agriculture cooperation projects to about 50,000 families. The farm produce purchased was about 48,000 jin, bringing income to farmers of approximately RMB400,000.

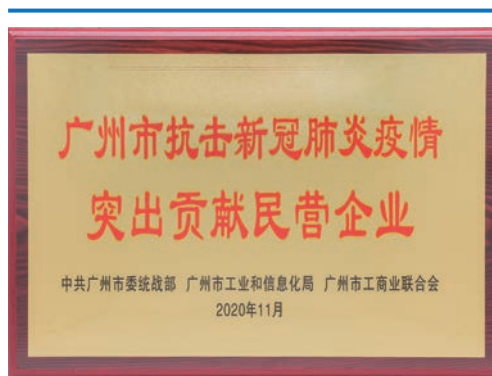




While implementing strict pandemic control measures and ensuring work safety, the Group acted flexibly and took multiple measures to ensure operation. Actively exploring online marketing, China Aoyuan launched the online home buying platform “Aoyuan Home Buying” and coordinated multiple online marketing channels allowing home buyers to “select the desired house without going out”. In addition, Aoyuan Commercial Property Management, joint hands with merchants and launched the contactless shopping channel, offering services such as online marketing and online lectures to guarantee the needs of daily life. All projects and construction units of China Aoyuan have obtained the relevant approvals from local governments and resumed work safely, and the projects progressed as scheduled.



With its comprehensive work of epidemic prevention, China Aoyuan Group won the recognition by People’s Daily, Xinhua, Morning News and Xinwen Lianbo of CCTV, Guangdong News and Southern Business News of GDTV, Nanfang Daily and Yangcheng Evening News, and was awarded with the title of “Enterprise with Outstanding Contribution to Fighting the COVID-19 Epidemic” by the Municipal Government of Guangzhou.





Educational Support

Education serves as the cornerstone of social progress and development. We have always been caring about and supporting the construction and development of education, and actively carrying out activities such as volunteer teacher programs and offering aid for education, aiming at contributing to the cultivation of talents who are to be pillars supporting the country.

Aoyuan Collaborated with Jinan University in Talent Cultivation and Awarded the First “Ziwen Endeavour Scholarship”

On 28 December 2020, “2020 Ziwen Endeavour Scholarship Awarding Ceremony and Greater Bay Area Forum of Education Support” was held in Jinan University, Guangzhou City. A total of 86 students of Jinan University were awarded the First “Ziwen Endeavour Scholarship”.

Established with a donation of RMB20 million from Mr. Guo Zi Wen, Chairman of the Board of China Aoyuan in 2019, “Ziwen Endeavour Scholarship” comprises three parts, namely special inspirational incentive, overseas study and postdoctoral research, which aims to help needy students with outstanding academic performance. It is currently the most extensive, most well-managed and most far-reaching social scholarship with highest award amount at Jinan University.

In 2018, the Group donated RMB10 million to Jinan University to support its development one of the main buildings of Jinan University, the College of Life Science and Technology Building, was named as “Aoyuan Building”. Since 2006, the Group has accumulatively donated over RMB32 million to Jinan University as charitable foundation to support the cultivation of talents, as well as innovation and research.





Targeted Poverty Alleviation

Established in 2017, Aoyuan Charity Foundation has been repaying the society by actively implementing the targeted poverty alleviation project “Double Tens, Double Hundreds”, and supporting education in impoverished regions. At the same time, it implemented “Aoyuan’s targeted poverty alleviation model”, incorporating industry development into targeted poverty alleviation. Through the models of “county commercial complex” and “companies + farmers + shopping malls + communities + e-commerce”, it promoted the sales of local agricultural products to lift farmers from poverty, thus driving the development of poverty-stricken areas.

In 2020, the Group supported 28 impoverished villages and 25 impoverished schools in Weining and Hezhang in Guizhou Province, Dayu in Jiangxi Province, Wuhua and Pingyuan in Guangdong Province, etc., offering them financial aids and teaching equipment. The Group also sent a total of 36 employees to Leizhou, Lianjiang and Huazhou, Guangdong Province, to teach in impoverished schools as volunteers. During the year, Aoyuan Charity Foundation invested over RMB3 million in targeted poverty alleviation projects, and the aggregate investment reached RMB8 million.



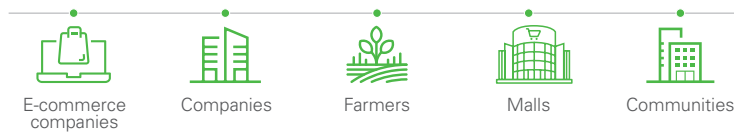


Poverty Relief Effort Through Consumption

China Aoyuan and Hezhang Haique Village Party Building Partnership and Cross-border E-commerce Supported Agriculture Cooperation – Continuous Promotion of Guangdong-Guizhou Poverty Alleviation Collaboration. Aoyuan Cross-border E-commerce Group will have long-term cooperation with Haique Village in selling farm produce, and help Haique Village to transform the farm produce selling network through “E-commerce Supported Agriculture” livestream with the support of technology, which will also promote the industrial development of Bijie City.

Developing Countywide Commercial Complex

Building a 5-way farmer support platform



Weining Aoyuan Plaza

On 1 March 2021, Weining County of Guizhou Province, the county supported by Panyu District of Guangzhou City, witnessed the grand opening ceremony of the first large commercial complex – Weining Aoyuan Plaza.



Weining Aoyuan Plaza, with a total gross floor area of 420,000 square meters, introduced numerous well-known brands to actively create local jobs and entrepreneurial opportunities and generate stable tax revenues, thus promoting the revitalization of the county and consolidating the achievement of poverty alleviation.

Awards

The poverty alleviation work of China Aoyuan was awarded the “Poverty Alleviation Award of the Year” at the 15th People’s Corporate Social Responsibility Award from People.cn, the “Poverty Alleviation Benchmark for China Real Estate Enterprises”, the “2020 Special Contribution Enterprise for Building A Moderately Prosperous Society in All Respects in China”, Outstanding Contribution Private Enterprise for the “Ten Thousand Enterprises Helping Ten Thousand Villages” in Guangdong Province, the “2020 Poverty Alleviation Enterprise with Special Contribution” and the “2020 Social Poverty Alleviation Public Welfare Role Model”. The Aoyuan Charity Foundation was included in the “2020 Guangzhou Charity Organisation Influence List” and “2020 Guangzhou Charity Donation List” by Guangzhou Charity Association, and was commended by the society.





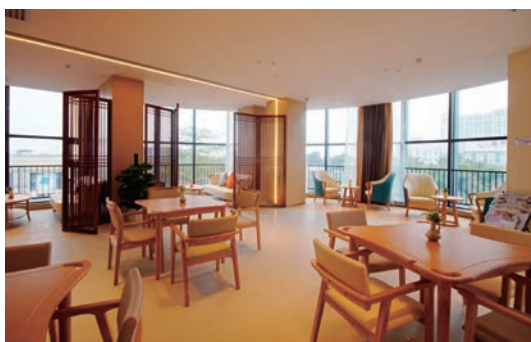
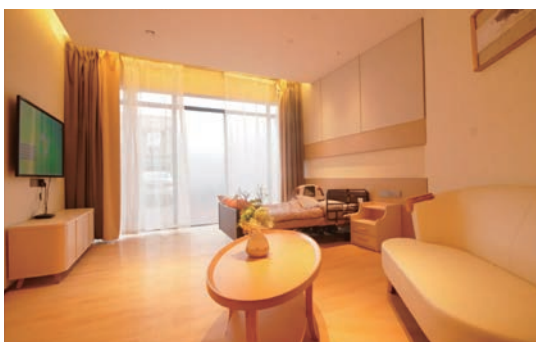
Community Support

Building elderly-friendly communities with the first home-style intelligent elderly care institution



The Aoyuan Healthy Life Group of the Group established the “Aoyue Elderly Care Center” and the exhibition hall for elderly care to build elderly-friendly communities, which were reported by the News 30’ of CCTV-1, the Morning News and the Morning Express.

The Xinghuili Elderly Health Care Centre of Aoyuan Healthy provides elderly with whole cycle elderly care services, such as recuperation therapy, life care, catering and food and medical cares. It also offers multiple functional areas according to the needs of elderly, including painting and calligraphy room, daycare rest lounge, recreational area, bakery and University for the Elderly, to meet the diversified and personalised needs of the elderly and improve their living quality and sense of happiness. The nursing station of Xinghuili Elderly Health Care Centre of Aoyuan Healthy covers surrounding communities and provides home services according to the needs of elderly, which include health assessment and home care to the elderly, designated long-term care insurance services and family ward services.



Cooperating with Sun Yat-sen University to Build the Kashgar Windbreak and Dune Stabilization Forestry



On 30 April 2020, the Group donated RMB5 million to Sun Yat-sen University’s Kashgar Windbreak and Dune Stabilization Forestry Fund. The amount is earmarked for promoting shoal greening in Kashgar, Xinjiang, and advancing the goal of poverty alleviation through ecological industry development, thereby supporting the achievement of goals of ecological improvement and poverty alleviation.

Adhering to the belief that “protecting the ecological environment equals protecting productivity, and improving the ecological environment equals boosting productivity”, China Aoyuan joins hands with Sun Yat-sen University in developing the local ecological industry through supporting windbreak and dune stabilization efforts, thereby contributing to the vision of balanced economic and environmental development cherished by local governments and citizens.



Building the City Together

Urban redevelopment is one of the Group’s key development strategies. Adhering to the concept of “urban redevelopment for a better city”, the Group is fully committed to promoting the “Three Olds” urban redevelopment and rejuvenating the city. As at the end of 2020, the Group had over 60 urban redevelopment projects in various stages of development, 97% of which were located in the Guangdong, Hong Kong and Macao Greater Bay Area. The Group made early foray into urban redevelopment in the Guangdong, Hong Kong and Macao Greater Bay Area, and has achieved full coverage of the “Three Olds” – old towns, old factories and old villages. With a wealth of experienced talents and resources in urban redevelopment, and a rich reserve of industrial resources, the Group has formed the “Aoyuan Urban Redevelopment Model” of composite industry and has been awarded the “Top 10 China Real Estate Development Enterprises in Urban Redevelopment in 2020”.



Urban Redevelopment Project in Zuiwei Village, Zhuhai City

With a history of more than 700 years, Cuiwei Village is one of the old villages with the longest history and the largest scale in Zhuhai City. The Group’s project redevelopment plan proposes to preserve some of the historic buildings at the original sites and to rebuild Ancient Cuiwei’s “7 Streets, 7 Lanes and 1 Alley”; thereby inheriting and protecting the local culture. In addition, such plan applies tourism development and commercial operation to the old village redevelopment, thereby achieving a balance of villager-government-enterprise interests.





Aoyuan-Henderson Academy No.1 in Panyu, Guangzhou

In September 2020, China Aoyuan acquired the Urban Redevelopment Project of Nitrogen Fertilizer Plant (currently known as Aoyuan-Henderson Academy No.1) in Panyu, Guangzhou jointly with Henderson Land from Hong Kong. Located in the pilot area of International Innovation City, the project is isolated from Guangzhou Higher Education Mega Center by a river, and embraces the rare river view resources in the first tier cities. In the future, it can reach core districts including Zhujiang New Town and Pazhou within 30 minutes as the network of 1 intercity railway line + 2 metro lines + 5 BRT lines becomes available. The Project includes upscale residential communities and commercial districts with an artistic vibe.



WORKPLACE PRACTICES

Occupational Safety and Health Management

The Group strictly complies with national laws and regulations, formulates internal safety management system and goals of the year, develops the corresponding organisation structure, clarifies safety responsibilities and performance evaluation for each level of persons-in-charge, strictly manages the safety redline, thereby reducing the risk of employees, partners and customers getting injured. In the meantime, we strengthen the safety and health education and the efforts in building the safety and health culture, improve employees' safety awareness, build the corporate culture of safety and health, so as to ensure employees' safety and occupational health. In 2020, we reported 0 work-related fatality and 1,821 (2019: 1,530) lost days due to work-related injuries. 13 property development projects obtained certificates of provincial-level/municipal-level safety and civilization standardization construction sites, 25 projects were rated as municipal/provincial excellent projects and 6 projects were named by local housing authorities as model construction sites for work safety standardization.

The Group has established the safety accountability system. It centers on the Safety Committee, specifies the goal for each level (the Safety Committee – the Regional General Manager – the Project Leader). Each level is required to sign the occupational safety and health management responsibility contract. The Group also undergoes enhancement of safety management team to promote fulfillment of safety management responsibility. Meanwhile, we strictly implement the relevant laws and regulations, and develop a series of management measures including the engineering safety management and the management of personal protective equipment, to build a safe working environment. The specific measures include providing medical kits in designated areas, offering employees necessary personal protective equipment on the regular basis in accordance with relevant requirements, urging employees to use the personal protective equipment in a correct way, and providing construction sites with sufficient safety helmets, safety belts, work shoes, rubber shoes, raincoats and other necessary protective articles. In addition, we actively promote the comprehensive review of the fulfillment of safety responsibility that covers general managers of regional companies, engineering leaders, project leaders and safety, health and environment management personnel, to strengthen the safety responsibility supervision of each level of management personnel and to ensure that employees work in a safe way.



The Group also arranges regular health check-ups for employees to effectively control and prevent occupational diseases, so as to safeguard employees health and provide employees with a safe and secure workplace. We advocate the concept of healthy lifestyle, organise sports clubs, sports meetings and other sports events and offer psychological consultation services, encouraging employees to take exercise and helping them relieve from mental stress.

In 2020, China Aoyuan organised 7,315 safety inspections, identified 95,000 rectification and improvement items for all levels, and achieved 99% of rectification completion rate.

Safety of the Constructions Sites

The Group strictly follows laws, regulations and rules about occupational health and safety, and formulates a number of internal project management systems with reference to the internationally recognized standards with the aim of enhancing safety control. The Group strengthens the safety management work, establishes the relevant management structure, and identifies, assesses, responds to and controls the safety risk of projects and its impact on the surrounding environment on a regular basis so as to maintain safe and stable project operation. During the year, there was no material non-compliance with laws and regulations relating to employee health and safety of the Group.

Considering the industry accident characteristics and accident probability, the Group establishes safety risk control models in respect of safety risk characteristics of each project stage and the types of possible accidents. With such risk control models, it identifies the source of risk for each stage, and formulates effective control measures. As for project construction, the Group promotes the “711” inspection mechanism (at least one project inspection in a week, at least one regional inspections in a month, at least one group inspection in a quarter).

Safe and Civilized Construction Sites

During the year, the Group had 3 projects named as provincial-level model project of work safety and civilized construction, and 9 projects named as municipal-level model project of work safety and civilized construction. Shenzhen Aoyuan Yubo Mansion Project (深圳奧園譽博府項目) and Hefei Glorious Peak Project (合肥譽峯項目) were named as benchmark project of the Group for safety management, with relevant safety management experience promoted to the whole organisation to form a virtuous cycle of safety construction. The projects stated above had breakthroughs in new processes, such as application of aluminum mould, scaffold and PC, which significantly improved the safety and civilization level of construction sites, and the project quality, work safety and civilization level were recognised by local governments and industry peers. The activities such as field experience and the site open day improved brand influence, brand awareness and competitiveness in the industry.





The Group has improved its four-level safety management system:

At the project level

Hidden hazards are identified and removed through weekly safety inspections to minimize accident risks and the safety status is reported in a timely manner

At the regional level

The Group streamlines major issues and projects in each region through monthly safety inspections to achieve timely early warning, supervision, rectification and timely feedback;

At the key regional level

The Group provides guidance regarding the major difficulties of projects with risks received from the region, provides the region with useful resources, and assist the region in solving various issues

At the Group level

The Group commences irregular inspections to ensure the implementation of daily management of projects and introduce third party assessment institutions to conduct risk screening and assessment. During the period of high incidence of industry accidents, the Group releases accident alert information on an irregular basis to raise the awareness of risk alert.

The Group organised a series of safety inspections in 2020, including special inspections on pandemic control supplies before resumption of work, high-formwork supports, deep foundation pit, typhoon and flood prevention, and holidays, to ensure that the management of projects with higher safety risks is effective and the management during important holidays is sound, thereby safeguards the health and safety of employees, and further improving the quality of safety management work of projects. In the meantime, the Group established the safety risk information network transmission model, which provided feedback about potential major safety risks, key difficulties and resources required through project, region, greater region and group information screening and transmission, and ultimately realised the goal of eliminating potential risks and preventing accidents.



The construction of safety culture is fundamental in guaranteeing employees' occupational safety. China Aoyuan prepares the "Safety Culture Handbook", clarifying the requirements on safety behaviors and the safety redline. Meanwhile, we organised promotion and education activities including the "Work Safety Month" and the "Fire Safety Month". Furthermore, we conducted at least one emergency drill and protection equipment operation practice in every quarter to improve the safety awareness among employees.

The year 2020 witnessed 1,143 emergency drills with 25,000 participants. The Group also organised "Safety Lectures" project training, developed 159 training courses, and offered 3,775 trainings, which recorded 35,756 attendees, improving the safety awareness of all employees and effectively prevented safety accidents.



"Work Safety Month" Campaign Themed "Eliminating Potential Risks, Building a Firm Safety Defence, Ensuring Safe Aoyuan"

The 19th "Work Safety Month" themed "Eliminating Potential Risks, Building a Firm Safety Defence, Ensuring Safe Aoyuan" organised by Aoyuan Property Group fell in June 2020 to improve the safety awareness among employees.



Promotion of Safety Culture

The Group has set up a total of 972 safety publicity slogans at the construction gates, construction passages, office areas, and living areas of 135 projects to remind frontline workers to prohibit illegal operations.





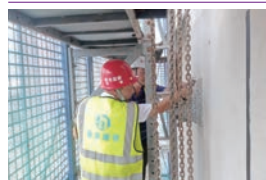
Safe Operation Trainings

In response to the rainy season construction, high-altitude work, formwork support, scaffolding, large mechanical equipment and other safety operations, each project department has organized construction, supervision and other construction management personnel of participating units to carry out a total of 146 special trainings, and about 12,500 attendees participated in the training.



Comprehensive Safety Inspections

All project departments organised project leaders of construction entities and supervision entities to conduct comprehensive safety inspections covering deep foundation pits, high-formwork supports, machinery equipment and safe use of electricity, eliminating more than 5,000 potential risk items.



Emergency Drills

The drills simulated scenarios of falling from a high place, electric shock, confined space and fire accident, teaching operators emergency response skills, further improving the capability of dealing with various emergencies and lowering the probability of accident occurrence. The campaign organised 169 emergency drills, covering more than 5,600 participants.



Fire Safety Month Themed “Preventing Fire Accidents, Building a Safe Aoyuan”

The 29th Fire Safety Month kicked off in November 2020. With the aim of safeguarding employees’ health and safety, and improving the fire safety awareness, Aoyuan Property Group organised 21 regional companies to promote the Fire Safety Month Campaign themed “Preventing Fire Accidents, Building a Safe Aoyuan”, and took the opportunity to launch 5 “series” activities:

A Series of Fire Safety Promotion

All regional companies set more 240 fire safety promotion banners in conspicuous places, such as the entrances and exits of construction sites, office areas and living areas, and broadcast the promotion for over 300 times, enhancing the atmosphere and strengthening the fire safety awareness.



A Series of Fire Safety Trainings

Subsidiaries of the Group organised a total of 300 trainings for construction entities, supervision entities, merchants, owners and employees, receiving 50,000 attendees and covering the education via fire accident analysis and the promotion of fire safety knowledge.



A Series of Firefighting Equipment Showcase

All projects set mini fire stations, fire prevention cabinets and firefighting equipment, showcasing the firefighting equipment and devices in daily use, explaining the functions and the use of each equipment, urging employees to strengthen the fire safety awareness and protect the firefighting equipment in daily work.



A Series of Fire Safety Inspections

Engineering directors of all regional companies led the safety management personnel, the management personnel of project departments, project leaders of entities involved with the projects to conduct fire safety inspections, which covered the key points of construction sites, office and living areas and sales sites, and focused on the completeness of firefighting equipment, the prevention measures in welding and the fire resistance of decoration materials, totaling 230 inspections and eliminating over 1,700 potential risk items.



A Series of Fire Emergency Drills

Considering the characteristics of each stage of the projects, the safety management personnel of regional companies conducted a total of 180 fire emergency drills and escape drills, with more than 3,500 participants. Some regional companies invited local firefighters to show the practical operation, simulated the scenario of fire disaster, practiced the cooperation of communication, logistics, rescue and medical groups in the fire emergency, demonstrating the strong emergency response capabilities of each project departments and further improving the firefighting equipment use skills and the comprehensive emergency response capability.





The Group has engaged a third party professional safety assessment agent to conduct monthly safety evaluation to all our construction projects. Through an on-going rectification mechanism, its safety score has kept increasing and gained 87.1 in 2020, a leading position the industry, effectively ensuring the continuity of business and safety of operators.

Construction Quality

The Group values construction quality and builds a comprehensive quality and safety management system. We establish systems such as safe and civilized construction of projects and safety management of projects. In addition, we engage a third-party organisation to conduct safety assessments on a monthly basis. Aside from civil work & fit-out process assessment and delivery assessment, the Group adds three new items, namely quality, safety and landscape assessments, to expand the coverage of project quality and safety assessment. In 2020, the Group scored 88.34 in terms of third-party quality assessment, maintaining the top 10 in the industry, and there were no significant violations of laws and regulations relating to the quality of products and services of the Group.

Construction Quality Management and Control System

The Engineering and Finishing Department of the Operations Management Centre of the Group Headquarters is divided into regional divisions, and the responsible persons of each region monitor the quality of works in the region on a regular basis

The city companies set up dedicated quality control team to be responsible for the implementation of quality control work for all projects of the city companies, and to conduct monthly "flight checks" and "project evaluations".



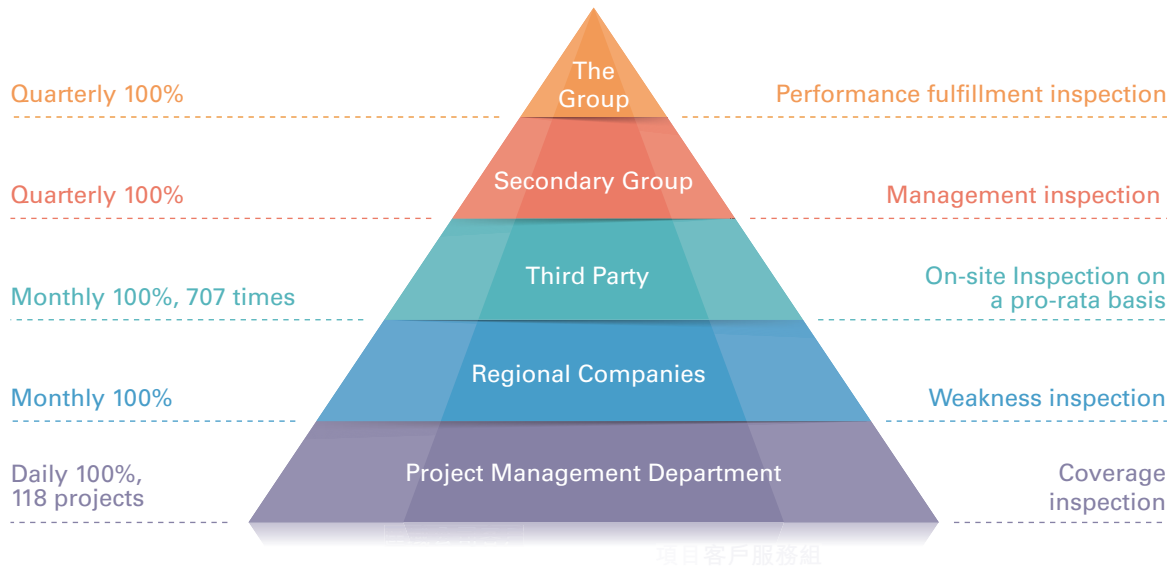
Emergency disposal organisation and responsibilities shall be clearly established, and an emergency disposal plan shall be formulated. When the severity of the incident reaches the required level, the incident will be reported according to procedures and the relevant departments of the Group Headquarters will activate corresponding disposal plan according to the level of the incident and intervene in the handling of the incident.

The project department implements all actions and conducts self-inspection in accordance with the quality control requirements of the Group and regional companies for each project.



Project Quality and Safety Inspection System

To ensure the quality and safety, China Aoyuan establishes the 5-level project quality and safety inspection system, effectively guaranteeing the quality and safety of projects.





Quality Awareness

The Group attaches importance to cultivating safety awareness of employees, by strengthening the trainings of the responsible person, holding safety events and strengthening safety promotion. China Aoyuan enhances the safety knowledge, safety skills, safety awareness and emergency response capabilities of employees from the management to general employees so as to improve construction quality.

In 2020, we offered training on systems and process standards through monthly quality and safety meetings, quality and safety lectures and flight inspections. The whole year witnessed a total of 72 trainings and 11,500 attendees.

Construction Quality Month Campaign

China Aoyuan requires its subordinate city companies to carry out weekly quality activities, monthly comprehensive quality assessment activities and irregular special quality actions (inspections on seepage, hollowing and cracking).

The Group launched the Quality Month Campaign themed “Promoting the Spirit of Craftsman, Building High-quality Projects”, and special inspections targeted at key issues (hollowing, seepage, cracking) after analysing the issues identified by the third-party assessment agency, effectively eliminating potential quality risks and contributing to the improvement of project quality.



Quality Month Training



Quality Month Launching Ceremony



Quality Month Promotion



On-site Observation Organized government Units

During 2020, the Group has no significant matters in violation with any laws and regulations related to products and services quality. The Group strictly complies with the laws and regulations. If there are any updates on the relevant provisions, the relevant department heads will be notified immediately so as to make business adjustments in time.



Environmental, Social and Governance Report (continued)

List of awards for quality excellence activities received by the Group's projects in 2020

No.	Name of award	Time of award	Awarding unit
1	Foshan Aoyuan Glorious Peak (Xiqiao) Project honored with "Foshan Construction High-quality Structure Award"	July 2020	Foshan Construction Industry Association
2	Foshan Aoyuan Glorious Peak (Xiqiao) Project honored as "Foshan Model Construction Site of Work Safety and Civilized Construction"	July 2020	Foshan Construction Industry Association
3	Enping Greenland Golden Town Phase III Block 3 honored as "Jiangmen Model Construction Site of Work Safety and Civilized Construction"	June 2020	Jiangmen Construction Industry Association
4	Enping Greenland Golden Town Phase III Block 3 honored with "Guangdong Model Construction Site of Work Safety and Civilized Construction"	July 2020	Guangdong Construction Industry Association
5	Hefei Aoyuan Glorious Mansion Phase II honored as "Anhui Work Safety Standardization Construction Site"	May 2020	Anhui Construction Industry Association
6	Huizhou Aoyuan Yubo Mansion honored as "Huizhou Model Construction Site of Work Safety and Civilized Construction"	December 2020	Bureau of Housing, Urban and Rural Construction of Huizhou Municipality
7	Suzhou Jinyue Garden honored as "Suzhou Model Construction Site of Work Safety and Civilized Construction"	July 2020	Bureau of Housing, Urban and Rural Construction of Suzhou Municipality
8	Chenzhou Aoyuan Zhongyuan International City honored as "Chenzhou Model Construction Site of Quality and Work Safety Standardization"	December 2020	Chenzhou Housing and Urban-Rural Development Bureau
9	Jingzhou Aoyuan Mansion honored as "Jingzhou Construction Site of Safe and Civilized Construction"	June 2020	Jingzhou Association of Construction Industry
10	Jingzhou Aoyuan Mansion honored as "Hubei Construction Site of Safe and Civilized Construction"	August 2020	Hubei provincial Construction Industry Association
11	Qingshan International Riverside honored as "Wuhan Model Construction Site of Civilized Construction"	June 2020	Wuhan Urban and Rural Construction Bureau
12	Laoshan Jade Sky honored as "Qingdao Model Construction Site of Work Safety and Civilized Construction"	January 2020	Qingdao Municipal Bureau of Housing and Urban-Rural Development
13	Guiping Champion City honored as "Construction High-quality Structure Award of Guangxi Zhuang Autonomous Region"	December 2020	Guangxi Construction Industry Association
14	Linli Aoyuan Plaza honored as "Changde High-quality Structure Award"	July 2020	Changde Housing and Urban-Rural Development Bureau
15	Bengbu Aoyuan Plaza honored as "Anhui Construction Site of Work Safety Standardization"	August 2020	Anhui Construction Quality and Safety Association
16	Zhanjiang Coastal Houses honored as "Zhanjiang Housing and Municipal Projects Model Site of Work Safety and Civilized Construction"	May, 2020	Zhanjiang Housing and Urban-Rural Development Bureau
17	Yangzhou Lakeview Mansion honored with "Yangzhou High-quality Structure Award"	November, 2020	Yangzhou Housing and Urban-Rural Development Bureau



Harmonious Employment

People oriented

China Aoyuan firmly believes that talents underpin the core competitiveness of the Group. We have been committed to building an efficient and high-quality talent supply chain to support the sustainable development of the company, creating an ideal career development platform through the "recruitment, utilization, education, and retention" system.

This year we won 13 awards including the "Best Employer in China", "Best PRC Developers to Work for", "Outstanding Human Resource Management Award", "Best Corporate University in China", "Best Study Program of Chinese Enterprises" and "Good Employer Charter" awarded by the Labour Department of Hong Kong SAR Government, further affirming the Group's investment in talents.

Employment Awards



China Best Employer



Best Employer of China's Real Estate Industry



Outstanding Award for Human Resource Management



China Best Employer of Private Sector in Battle Against COVID-19



Best Corporate Universities 2020 - Best Learning Project



Good Employer Charter

In 2020, the total number of employees of China Aoyuan was 23,773 (2019: 16,504) 99.5% of them are employees from Mainland China and 0.5% of them are employees in Hong Kong and overseas respectively While the labor contract signing rate was 100%. There were no major violations of employment-related laws and regulations. Turnover rate was 40%. All figures recorded from Mainland China while 22.1% and 18.5% were male and female employees respectively. For the age range, there were 14.9% (aged under 30), 20.9% (aged 30-50) and 4.8% (aged 50 and above).



Environmental, Social and Governance Report (continued)

The Group's staff distribution details are listed below:



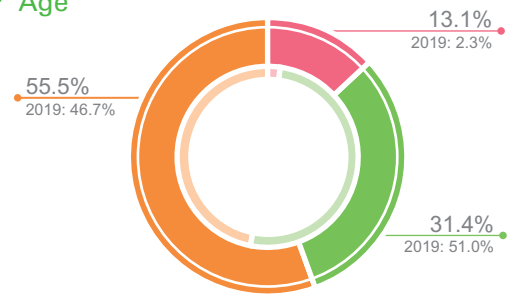
Gender



● Female ● Male



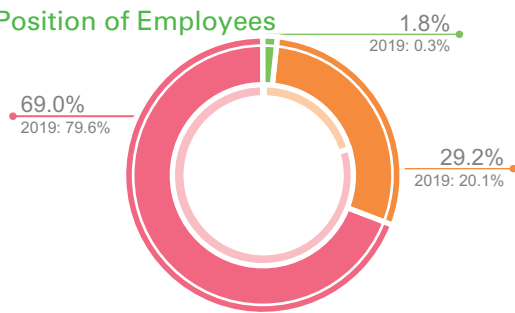
Age



● Below 30 ● 30-50 ● Above 50



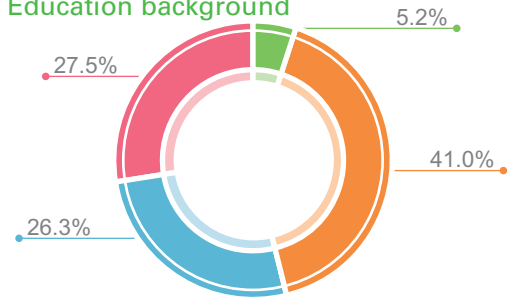
Position of Employees



● Senior management ● Middle level management ● General employees



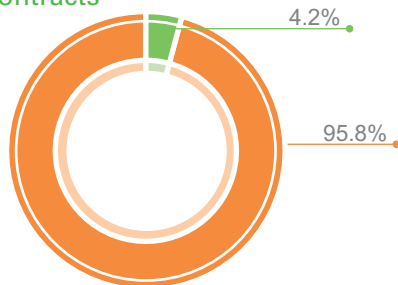
Education background



● Postgraduates ● Undergraduates
● Technical Secondary School and below ● College



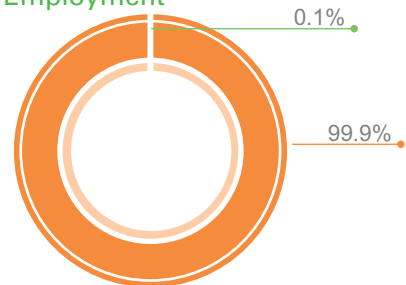
Type of Contracts



● Long-term contracts ● Temporary contracts



Type of Employment



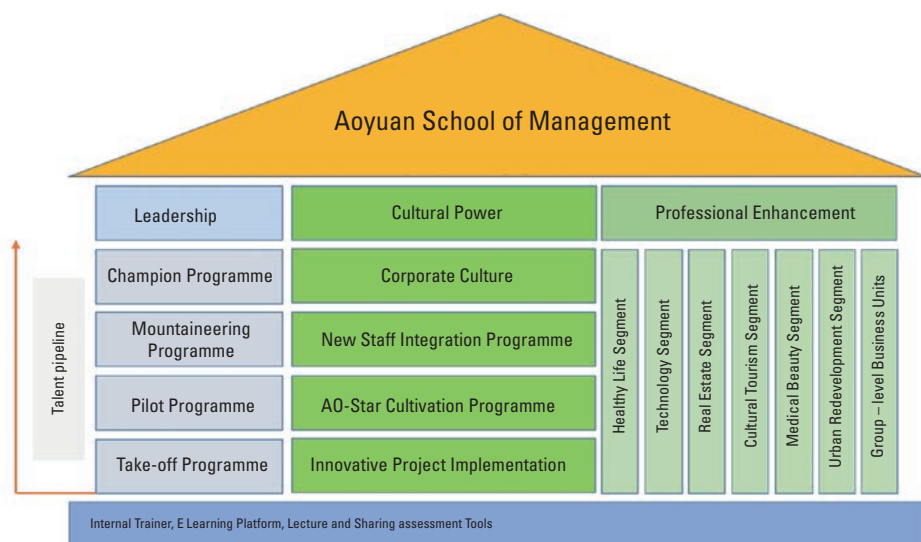
● Full-time ● Part-time



Career development and training

As a learning organization, China Aoyuan provides abundant resources to organize diversified training programs to ensure that employees have access to all-round training opportunities. Coupled with well-developed grade structure and promotion mechanism, diversified career development channels are established, allowing employees can develop their careers and unleash their potential.

Aoyuan School of Management is comprised of Co-Creation College and Management Cadres College. In line with the development strategy of the Group, it is established with the mission of “promoting organizational development, focusing on talent training, empowering professional enhancement, and inheriting corporate culture” to build a teaching system characterized by “three-verticals” (leadership, professional enhancement, cultural power) and “three-horizontals” (talent team development, business empowerment, industry dialogues). The School of Management has launched a series of targeted training and mentorship programs for current employees, new recruits, management trainees, middle and senior managers, and successor echelons, to ensure adequate supply of talents for sustainable development.

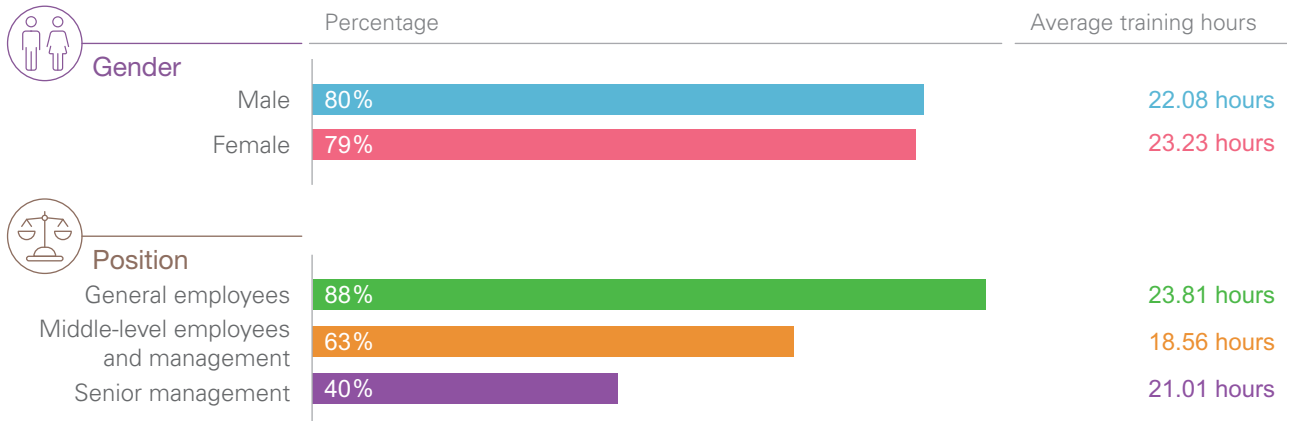


In 2020, China Aoyuan invested over RMB40 million with 17,947 employees participating. Total training hours were approximately 405,126 hours and per-capita training time was approximately 22.57 hours.

In response to the “new normal” of work practices under the epidemic, we have fully upgraded the Online Learning Platform to allow employees to learn online anytime, anywhere. We will vacate space 3,700 square feet of space at the Group headquarters for School of Management to provide employees with a comprehensive online and offline training experience.



Employee Training Hours Overview



A Diverse and Inclusive Team

China Aoyuan recruits talents and helps them reach their full potential. People of any background, race, age, family status, physical condition, religion or gender are entitled to equal employment, salary adjustment and promotion opportunities. Dedicated to diversity and inclusiveness, we are the first PRC developer to sign the Racial Diversity & Inclusion Charter For Employers issued by the Hong Kong Equal Opportunities Commission. Meanwhile, we are also recognized by UNICEF as “Breastfeeding Friendly Office”.





Listening to Employees

In 2020, employee satisfaction remained stable year-on-year, scoring 73 points. This was higher than the average level of 68.1 points for PRC developers. In addition to two-way interactions with employees through annual employee satisfaction surveys, performance interviews, employee meetings, and the AOffice mobile work platform, we have launched the “Suggestions Mailbox” to open up ways for employees to express their opinions to the Group anytime, anywhere. Meanwhile, employees can also follow the latest development of the Group through the intranet, the internal publication “Aoyuanren”, electronic communications and social media.

Keeping Employee Well-being Top of Mind

China Aoyuan fully subsidizes all employees for medical examinations every year. Amid the pandemic, we have decisively implemented measures including flexible work arrangements, procurement of anti-pandemic supplies for employees, and Chinese medicine consultation. We have also carried out online employee care activities to take care of both physical and psychological needs of employees. During the most severe period of the pandemic, in order to reduce social gathering and contact, we have launched meal ordering services via WeChat official account, with dedicated personnel to distribute meals. Near 28,200 meals were served in five months, facilitating the work and production resumption of the Group.





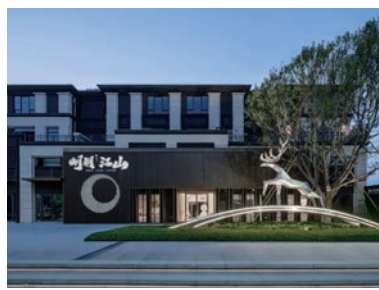
ENVIRONMENTAL MANAGEMENT

Green Building

The Group actively integrates the concept of environmental protection into its project development, so as to provide quality green buildings with low energy consumption to its customers. A total of 115 green building labels have been obtained and a number of projects have met the standards for green building labels and in the process of obtaining green building labels.



(One-star Green Building)
Huizhou Aoyuan Elegant Garden



(One-star Green Building)
Shaoguan Aoyuan Mingyue
Jiangshan



(National Standard One-star
Green Building)
Huizhou Aoyuan Yushan Lake



(Two-star Green Building)
Xi'an Aoyuan Jewel Bay



(Two-star Green Building)
Xi'an Aoyuan Prestige Mansion

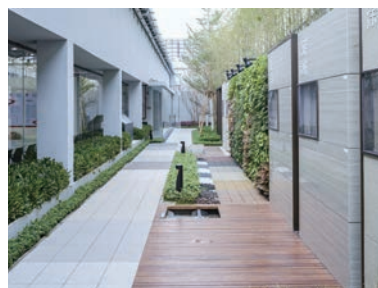
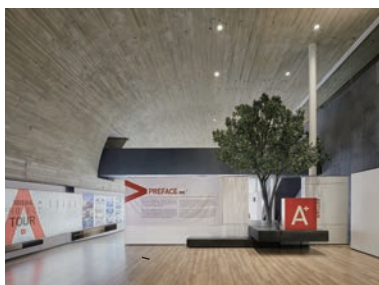


(Two-star Green Building)
Xi'an Aoyuan Heyue Mansion



Aoyuan A+ Workshop

Aoyuan A+ Workshop, located in Panyu, Guangzhou, is built for the materialization of product R&D and commenced operations in December 2019. To promote green construction, Aoyuan built and showcased the physical model of sponge city in the A+ Workshop, and created a rainwater collection and usage system with “automatic rainwater storage in the community and the ecological environment”. With the concept of sponge city, the system establishes the internal circulation for the regional water system to “keep” and “use” water in the process of water absorption, storage, penetration and purification, and to “release” the water stored for reuse when it is necessary. Aoyuan gradually applies the system to its projects, makes uses of the natural power to drain off water and realise the natural migration of rainwater in the community, and enables the community to breathe like the ecological sponge, thus promoting environmental protection, energy conservation, emission reduction. Aoyuan is to build green and low-carbon living spaces with all its efforts.





Green Operations

Ecological Environment Management of Construction Sites

Adhering to its sustainable development concept of “shared responsibility for environmental protection”, the Group carefully plans green belts around construction sites at all stages of design, construction and completion, and has developed comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment.

Xi'an Aoyuan Heyue Mansion in Shaanxi



A number of technologies of heat preservation and insulation, sound insulation and water conservation have been applied in the design of Xi'an Aoyuan Heyue Mansion. Rainwater from roofs and outdoor areas was collected and reused for green watering, road and basement rinsing after treatment to meet standards. The kindergarten was equipped with a centralized solar water heating system.

Measures for energy conservation including the zoning, timing and induction of lighting systems in the corridors, stairwells, foyers, lobbies, large spaces, underground parking lots and other places of the project were adopted. Energy-saving elevators were chosen and measures for energy conservation such as group control and start-stop of elevators were taken.



The project introduced a number of advanced energy saving systems and technologies, among which the energy efficiency of the cooling and heating source units of the heating and air conditioning system and the power consumption and heat transfer ratio of the circulating pumps of the air-conditioning hot and cold water system were better than current national standards, and the power consumption and heat transfer ratio of the hot water circulating pumps of the central heating system and the power consumption per unit air volume of the fans of the ventilation air conditioning system also meet current national standards.

The project conducted site design and building arrangement with reference to current topography and landscape, so as to protect the original natural waters, wetlands and vegetation in the site, and ecological compensation measures such as topsoil utilization were taken. Green rainwater infrastructure facilities were set up reasonably by making full use of site spaces, special rainwater planning and design for sites larger than 10 hectares were carried out, surface and roof rainwater runoff was reasonably planned, and total external drainage control for the site was implemented.



Besides, for the light pollution, noise pollution and dust pollution that the property development business may cause to surrounding environment, the Group takes different actions to control and minimize the impact on ecological environment during construction.

Light pollution management

The Group has established instructions to limit the intensity and angle of illumination during night-time construction to avoid disturbing the community and affecting the livelihood of residents. The contractors are also required to use protective equipment such as shades to reduce the impact of glare in order to balance the interests of various stakeholders.

Noise pollution management

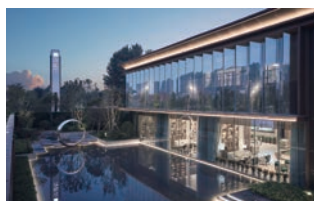
The Group requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures to prevent noise from spreading to nearby residential areas, selecting appropriate time slots for major construction works, etc. and strictly requiring workers to wear devices to protect their hearing.

Dust pollution management

The Group uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site. Contractors are also required to install extensive sprinklers on the construction site and conduct periodical spraying to reduce dust in the air and to properly pack site materials when placing them. In addition, various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community.

International WELL Building Standard™

Launched in October 2014, the International WELL Building Standard offers an important set of health standard to buildings, indoor spaces and communities, support and improve the health and well-being of people through implementing, verifying and measuring the building terms that affect people's health. Aoyuan Healthy collaborates with IWBI and integrates Aoyuan and WELL standards to build the 3-level healthy living system, which covers 28 healthy living standards, 4 public-level health service items, 10 community-level health service items and 14 home-level health service items. In 2020, China Aoyuan had 9 projects pre-certified by WELL Portfolio™.



Kaifeng Aoyuan Junyue Mansion



Xi'an Aoyuan Heyue Mansion



Maoming Aoyuan Dongjiang Glorious Mansion



Chengdu Aoyuan Cloud Mansion



Environmental, Social and Governance Report (continued)

Resource Use and Emission

Environmental protection and energy saving is an important part of sustainable development. The Group pays close attention to the usage of resources in its daily operations to ensure that resources are used properly.

During the reporting period, the Group's direct resource consumption data was as follows:

Energy type	Unit	Data in 2020	Data in 2019	Intensity in 2020 (Per square meter of office and sales center area)		Intensity in 2019 (Per square meter of office and sales center area)	
Electricity	KWH	43,137,075.29	5,920,075.17	42.42	KWH/sq.m	54.97	KWH/sq.m.
Unleaded gasoline	Litre	1,403,040.06	272,582.34	N/A*			
Diesel	Litre	161,989.00	N/A	N/A*			
Water	Cubic Meter	2,936,380.59	270,158.84	2.89	Cubic Meter/ sq.m.	2.51	Cubic Meter/ sq.m.
Offices area	Square Meter	1,016,960.52	107,699.64	N/A			

* Since the usage of unleaded gasoline and diesel was not affected by the offices and sales centers area, the intensity per offices and sales centers area is not applicable.

During the reporting period, the Commercial Property Group realized business expansion, and the Group improved the data collection procedures; therefore, all environmental data for the reporting period stated in this report, compared with the prior year, contains the data of Commercial Property Group in addition to that of Property Group. Meanwhile, such changes also lead to the significant increase of the Group's overall environmental data as compared with that of the prior year.

Water Efficiency

The Group's projects in Xi'an, Shijiazhuang and other places were designed in accordance with the green building two-star standards, the rainwater collection systems will discharge rainwater slowly to urban drainage networks within 24 hours to relieve pressures on urban drainage systems.

The Group also focuses on implementing water saving plans in the office through adopting water-saving devices such as induction faucets and requiring cleaners to be ever-careful about the use of taps in toilets to reduce unnecessary wastage. The Group also regularly advocates water conservation and promotes related measures through e-mails to enhance water efficiency.

The Group regularly checks office water consumption to ensure that it is in line with overall water-use plans, and there is no issue in sourcing water for the Group.



Energy Efficiency

The Group introduces prefabricated construction technologies with low energy consumption to reduce the electricity and energy usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. The Group actively adopts environmental construction designs to reduce the energy consumption in the routine operation of buildings from external walls design, glass window materials, hot water systems, etc.

The Group promotes employees to use resources effectively in many aspects. The Group advocates awareness of resource conservation, encourages use of energy-saving lamps, promotes “paperless offices” by turning the non-essential paper-based approval process into an e-approval process so as to reduce paper consumption. The Group will monitor its energy consumptions and conduct examination and review regularly to formulate plans to enhance the Group’s environmental performance and cost saving. The Group has established the “Energy consumption management and monitoring team”, which carries out energy-saving and consumption-reduction inspections in shifts over offices every day. The team is to make sure lights, screens and air conditioners be switched off when people leave, no water leaks happening to faucets in toilets and pantries, and to warn about staff and departments who are underperforming in energy saving and consumption reduction.



Climate Change and Greenhouse Gases Emission Management

The Group is acutely aware of the close relationship between climate evolution and project operation and construction activities, therefore, the Group has created relevant mitigation plans against risks brought about by climate changes. We conduct research on local climate for future projects, formulate specialised contingency plans, allocate beforehand emergency supplies and have established a response team on extreme weather to constantly assess risks, so as to take precautions in advance and prepare for emergency rescue. All these efforts aim at improving properties’ capabilities of resisting climate risks.



Environmental, Social and Governance Report (continued)

Consumption of energy and water resources in business operation is the main source of the Group's greenhouse gases. For other measures on reducing greenhouse gas emissions, please refer to "Water Efficiency" and "Energy Efficiency". During the reporting period, the Group's greenhouse gas emissions were as follows:

Types of greenhouse gas emissions	Unit	Emissions for 2020	Emissions for 2019	Intensity in 2020 (Per square meter of office and sales center area)		Intensity in 2019 (Per square meter of office and sales center area)	
Direct emissions from fuel use (scope 1)	Tonnes of carbon dioxide equivalent	4,227.46	737.97	0.03	ton/sq.m	0.01	ton/sq.m
Indirect emissions from power use (scope 2)	Tonnes of carbon dioxide equivalent	22,923.01	3,409.57	0.02	ton/sq.m	0.03	ton/sq.m
Other indirect emissions (including water and paper waste) (scope 3)	Tonnes of carbon dioxide equivalent	3,577.97	382.14	0.004	ton/sq.m	0.004	ton/sq.m

Sewage Treatment

Although the Group does not generate a large volume of sewage during the course of daily operation, the Group requires contractors to adopt below measures on sewage treatment, including:

- installing sewage treatment system: including desilter, oil separator and septic-tank, and only purified sewage could be discharged into drainage pipeline of designated municipal drainage system;
- regularly maintaining and cleaning up sewage treatment facilities to ensure the normal and effective operation;
- partial reusing treated sewage in the site to reduce the water usage.

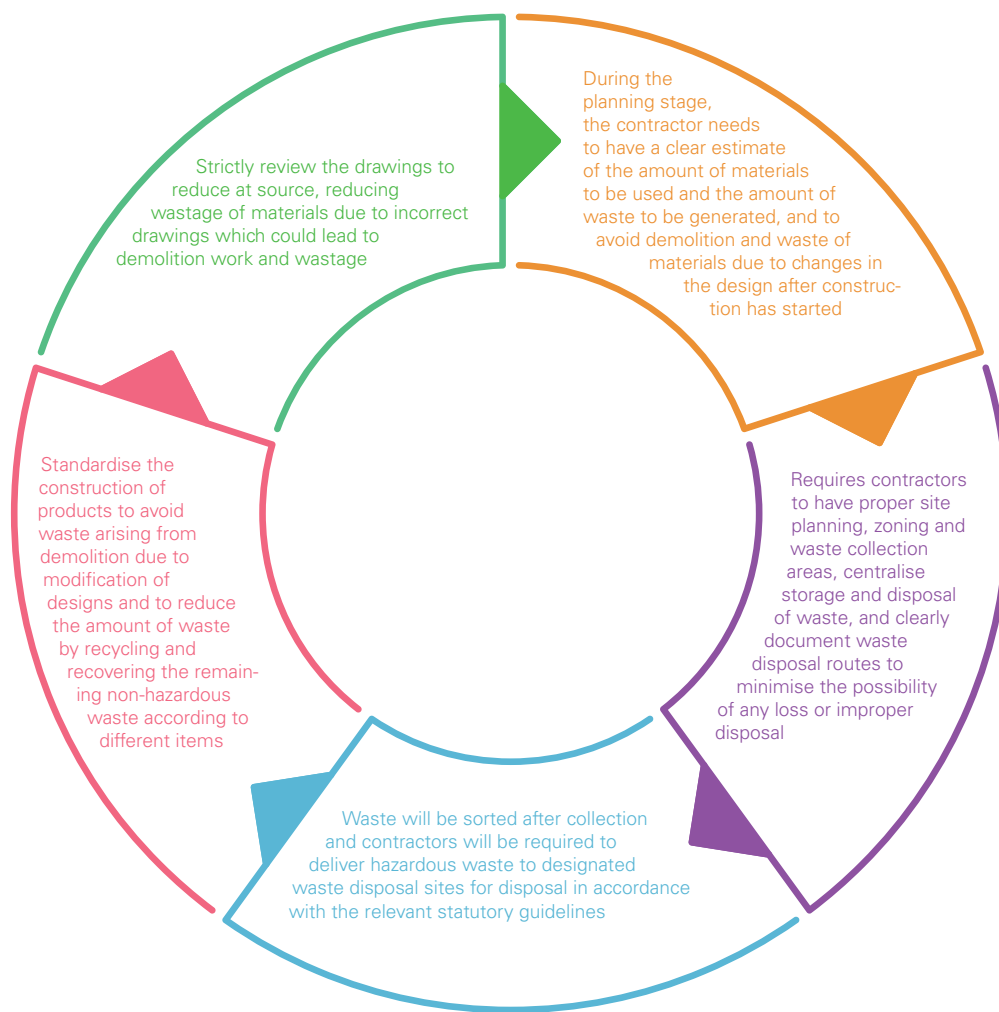


Waste Management

The Group controls and monitors the use of office printing paper in the office. Posters are prominently displayed in photocopying areas, advocating the adoption of double-sided and smaller-font printing and colour printing administrative authority, so as to reduce paper and ink consumption. We procure eco-friendly paper for printing and place waste paper recycling bins in photocopying areas. In 2020, the Group produced 469.27 tonnes of waste paper.

The Group also attaches importance to the reuse of retired electronic equipment. Aggregately 86 units of computer equipment were collected for recycling purpose in 2020.

In addition to the Group's office, the Group also strictly requires contractors to establish a comprehensive waste disposal mechanism.





Air Pollutant Emission Management

The Group has taken measures to monitor the various emissions from the contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group regularly compares with industry benchmarks to analyze and formulate plans for improvements. In case of any excess emissions, contractors are required to report to the Group in real time and identify the source of the problem. In order to reduce the PM2.5 generated during constructions, we have introduced the PM2.5 detectors numerous projects to monitor dust emission levels, and cleans the air on site by spraying water to reduce the particulate matter in the air and improve air quality.

The Group also requires contractors to use low-polluting fuels, which meet emission standards, as the main fuel for construction machinery and transport vehicles. The contractors should also install filtering and conversion equipment in the exhaust pipe to effectively reduce the emission of air pollutants. There was no investigation by the regulatory authorities as a result of the excessive emission during the reporting period.



Mist cannons at the entrance and exit of construction sites



Wall block automatic spray system



Automatic vehicles washing system

The Group's direct air emissions mainly come from vehicles. During the reporting period, the emissions of the Group were as follow:




Pollutant ¹	Unit	Emission of 2020	Emission of 2019
Nitrogen oxides (NO _x)	kg	4,947.48	1,274.76
Sulphur oxides (SO _x)	kg	23.23	4.01
Particulate matter (PM)	kg	514.14	119.67

¹ The above calculation of air emissions refers to the "Reporting Guidance Environmental KPIs" of The Stock Exchange of Hong Kong Limited.



Environmental Compliance Management

The Group adheres to the philosophy of building a low-carbon and healthy lifestyle. It implements the following low-carbon and green policies in an effect to reduce the negative impacts of the operating activities on the environment:

 <h3>Compliance supervision</h3> <p>Strictly comply with the relevant environmental and emission regulations and standards, and promptly address and report any exceedance or non-compliance</p>	 <h3>Group operation</h3> <ul style="list-style-type: none"> • Identify sources of greenhouse gases, air emissions, effluent, waste and adopt the best environmental practices to improve the Group's emission performance, including the introduction of leading-edge environmental technologies • Promote environmental awareness among staff and advocate the Group's environmental philosophy and policies to them so that they can perform their duties in a manner consistent with the Group's environmental policy • Committed to sustainable development and take the environment into account in business decisions 	 <h3>Third parties</h3> <ul style="list-style-type: none"> • Require contractors to use low-emission construction techniques and materials and continuously monitor the greenhouse gases, air emissions, effluent, waste, etc. generated by contractors in real estate projects • Leverage the Group's influence to actively promote the performance of environmental obligations by business partners, suppliers and customers
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Green Buildings and Ecological Environment Management of Construction Sites

The Group assesses environmental risks before and after the development of property projects, and tries to reduce the noise and dust pollution to the surrounding environment during the planning, design, construction and operation of projects. It also takes the protection of biological diversity and natural habitats into consideration. In addition, the Group sets environmental indicators for each project and continuously monitors, reports and reviews the environmental protection performance of projects to reduce the environmental risks of projects to the acceptable level.

The Group strives to strictly comply with all the relevant laws and regulations of the business operation regions in the process of project development, and has not reported any material violations during the reporting period.



REPORTING CONTENT INDEX

Appendix 1

List of Policies, Laws and Regulations

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
A1. Emissions	Vehicle Management System	Environmental Protection Law of the People's Republic of China
A2. Use of Resources	Notice on Further Carrying Out Energy-Saving and Consumption-Reduction	Law on Prevention and Control of Pollution From Environmental Noise of the People's Republic of China
A3. The Environment and Natural Resources	Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower Office Environment Management Measures for China Aoyuan Tower	<p>Law on Prevention and Control of Atmospheric Pollution of the People's Republic of China</p> <p>Law on Prevention and Control of Water Pollution of the People's Republic of China</p> <p>Law on Marine Environment Protection of the People's Republic of China</p> <p>Regulations of the People's Republic of China on the Administration of Prevention and Control of Pollution from Land-based Sources and Damage to the Marine Environment</p> <p>Law on the Prevention and Control of Environmental Pollution by Solid Wastes</p> <p>National List of Hazardous Wastes</p> <p>Consolidated Management of Hazardous Waste Transfer Forms</p> <p>Work Program for the Control of Greenhouse Gas Emissions in the 13th Five-Year Plan</p> <p>Regulations on National Environmental Monitoring and Management</p> <p>Urban Appearance and Environment Health Management Regulations</p> <p>Regulations on the Administration of Construction Project Environmental Protection</p> <p>Law on Environmental Impact Assessment of the People's Republic of China</p> <p>Regulations on the Administration of Construction Engineering Survey and Design</p> <p>Interim Provisions on Civilized Construction and Environmental Management of Construction Sites</p> <p>Environmental Noise Emission Standards for Construction Site Area</p> <p>Environmental Quality Standard for Noise</p>



ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
B1. Employment	Manual on Human Resource Management System of China Aoyuan Regulations on Supervision Work of Aoyuan Group	Labour Law of the People’s Republic of China Labour Contract Law of the People’s Republic of China Law of the People’s Republic of China on the Promotion of Employment Social Insurance Law of the People’s Republic of China Law on Protection of the Disabled of the People’s Republic of China Underage Workers Special Protection Provisions Prohibition of Child Labour Provisions Special Provisions on Labour Protection for Female Workers Regulations on Minimum Wages



Environmental, Social and Governance Report (continued)

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
B2. Health and Safety	<p>Safety Management Policy of China Aoyuan Group</p> <p>Introduction of CRM System</p> <p>Information Security Management Measures of China Aoyuan (2019 Edition)</p> <p>Notice on Amending the Information Security Management Measures of China Aoyuan (2018 Edition)</p> <p>Safe and Civilised Construction Standards for Project Development of Aoyuan Group</p> <p>Statement of Safety Responsibility</p> <p>Safety Culture Manual</p> <p>Safety Management Policy of Aoyuan Property Group</p> <p>Safe and Civilised Construction Standards for Project Development of China Aoyuan</p> <p>Management Measures for Major Hidden Safety Hazards of China Aoyuan</p> <p>Safety Management Standards for Project Development of China Aoyuan</p> <p>Regulations on Management of Engineering Works of Aoyuan Property Group</p> <p>Management Policy for Third-Party Project Evaluation of Aoyuan Property Group</p> <p>Management Measures for Flight Check of Aoyuan Property Group</p> <p>Guidance Manual for Management and Control over Fine Decoration of Aoyuan Property Group</p> <p>Guidance Manual for Commencement (Resumption) of Work amid the Covid-19 Pandemic Containment Period of Aoyuan Property Group (Trial)</p> <p>Safety Management Standards for Dangerous Operations</p> <p>Manual on Standardisation of Fire Fighting Facilities in Operating Premises</p> <p>Sub-project-based Safety Management Measures for Dangerous Segments (Trial)</p> <p>Safety Management Measures for Cooperative Projects (Trial)</p> <p>Guidelines for Work of Temporary Party Branches at Construction Sites</p>	<p>Labour Law of the People's Republic of China</p> <p>Law on Prevention and Control of Occupational Diseases of the People's Republic of China</p> <p>Law of the People's Republic of China on Safe Production</p> <p>Regulations on the Safety Production Management of Construction Projects</p> <p>Trade Union Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Fire Protection</p> <p>Law of the People's Republic of China on Response to Emergencies</p> <p>Regulations for the Safe Management of Hazardous Chemicals</p> <p>Regulations on the Reporting and Investigation of Workplace Safety Accidents</p> <p>Provisional Regulations on the Identification and Management of Hidden Production Accident Risks</p> <p>Regulations of the People's Republic of China on Work Injury Insurance</p> <p>Regulations on Occupational Health Supervision and Administration in the Workplace</p> <p>Classification and Catalog of Occupational Diseases</p> <p>Social Insurance Law of the People's Republic of China</p>



ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
B3. Development and Training	Manual on Human Resource Management System of China Aoyuan	Labour Law of the People's Republic of China Human Resource Management System Labour Law of the People's Republic of China Social Insurance Law of the People's Republic of China Law on Protection of Women's Rights and Interests of the People's Republic of China Trade Union Law of the People's Republic of China
B4. Labour Standards	Manual on Human Resource Management System of China Aoyuan	Labour Law of the People's Republic of China Prohibition of Child Labour Provisions Law of the People's Republic of China on the Protection of Minors
B5. Supply Chain Management	Rules on Bidding-based Procurement of Aoyuan Group (2020 Edition) Marketing Work Tender Management System of China Aoyuan (2020 Edition) Supplier Management System of Aoyuan Group (2020 Edition) Guidelines for Inspection of Suppliers of Aoyuan Property Group (2020 Edition) Measures for Consultant and Management of Engineering Cost Assessment of Aoyuan Group (2020 Edition) Cost Management System of Aoyuan Group (2020 Edition)	Construction Law of the People's Republic of China Bidding Law of the People's Republic of China Regulation on the Implementation of the Bidding Law of the People's Republic of China Law of the People's Republic of China on Government Procurement Provisions on Construction Projects Subject to Mandatory Bidding



Environmental, Social and Governance Report (continued)

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
B6. Product Responsibility	<p>Pre-launch Risk Inspection System for Projects of China Aoyuan</p> <p>Operational Guidelines on Disclaimer Contents Involved in Prop Sales of China Aoyuan</p> <p>Management Measures for Project Delivery Initiation of China Aoyuan</p> <p>Complaint Handling Rules for the 400 Customer Service Hotline of China Aoyuan (Trial)</p> <p>Notice on Reaffirming the Timeliness and Quality of Customer Complaint Handling</p> <p>Customer Satisfaction Objectives and Assessment Measures for 2020</p> <p>Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group</p> <p>Customer Service Management System of China Aoyuan (Real Estate Sector)</p> <p>Engineering Standard Practices and Prohibited Practices of Aoyuan Property Group</p> <p>Product Delivery Operation Guidelines of Aoyuan Property Group</p> <p>Inspection Guidelines for Household Acceptance of Aoyuan Property Group</p> <p>Management Measures for Joint Review of the Delivery Area of Aoyuan Group</p> <p>Customer Service Management System of Aoyuan Property Group</p> <p>Handling Guidelines for Customer Relationship Crisis of Aoyuan Property Group</p>	<p>Criminal Law of the People's Republic of China</p> <p>Construction Law of the People's Republic of China</p> <p>Construction Engineering Quality Management Regulations</p> <p>Advertising Law of the People's Republic of China</p> <p>Product Quality of the People's Republic of China</p> <p>Tort Liability Law of the People's Republic of China</p> <p>Consumers' Interests Protection Law of the People's Republic of China</p> <p>General Rules of the Civil Law of the People's Republic of China</p> <p>Contract Law of People's Republic of China</p> <p>Property Law of the People's Republic of China</p> <p>Product Quality of the People's Republic of China</p> <p>Consumers' Interests Protection Law of the People's Republic of China</p> <p>Advertising Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Urban Real Estate Administration Law of the People's Republic of China</p> <p>Construction Engineering Quality Management Regulations</p> <p>Regulation on the Administration of Development and Operation of Urban Real Estate</p> <p>Code of Fire Protection for Building Design GB50016-2014</p> <p>Residential Building Code GB5368-2005</p> <p>Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings</p> <p>Standard for Assessment of Prefabricated Buildings</p> <p>Regulations on Property Management</p> <p>Regulatory Measures on the Sale of Commercial Houses</p>
B7. Anti-corruption	<p>Internal Control Management System (Trial)</p> <p>Internal Control Self-Assessment Toolkit</p> <p>Operational Guidelines for Internal Control Self-Assessment</p> <p>Ordinance on the Whistle-blowing and Discipline Inspection Work for the Discipline Inspection Committee of Aoyuan</p>	<p>Company Law of the People's Republic of China</p> <p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Law of the People's Republic of China Against Unfair Competition</p> <p>Interim Provisions on Prohibiting Commercial Bribery</p> <p>Anti-Monopoly Law of the People's Republic of China</p> <p>Bidding Law of the People's Republic of China</p> <p>Supervision Law of the People's Republic of China</p>
B8. Community Investment		<p>Charity Law of the People's Republic of China</p>



Appendix 2 Reference Table of Indices

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
Environmental						
A1. Emissions	General Disclosure Policies relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental compliance management	E1.3, E1.5, E1.7, E1.9, E2.1, E2.2, E2.3, E2.4, E2.5, E2.6, E2.9, E2.12, E2.13, E2.14, E2.16, E2.24, E2.25, E3.1, E3.2, E3.6	6, 7, 11, 13, 14, 15	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A3.1	301, 302, 303, 305, 306
	KPI A1.1 The types of emissions and respective emissions data	Air pollutant emission management				
	KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Climate change adaptation and greenhouse gases emission management				
	KPI A1.3 Total hazardous waste produced and, where appropriate, intensity	N/A				
	KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Waste management				
	KPI A1.5 Description of measures to mitigate emissions and results achieved	Air pollutant emission management, sewage treatment				
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste management				



Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance	Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
A2. Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials	Environment, resource data	E1.3, E1.5, E1.7, E1.9, E2.1, E2.2, E2.3, E2.4, E2.5, E2.6, E2.9, E2.12,	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6,	301, 302, 303, 305, 306
	KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity	Resource data	E2.13, E2.14, E2.16, E2.24, E2.25, E3.1, E3.2, E3.6	A2.1, A2.2, A2.3, A2.4, A3.1	
	KPI A2.2 Water consumption in total and intensity	Resource data			
	KPI A2.3 Description of energy use efficiency initiatives and results achieved	Energy efficiency			
	KPI A2.4 Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Water efficiency			
	KPI A2.5 Total packaging materials used for finished products, and if applicable, with reference to per unit produced	N/A			
A3. The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources	Green building, environment management at the construction site			
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green building, environment management at the construction site			

Environmental, Social and Governance Report (continued)



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
Social						
B1. Employment	General Disclosure Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	People oriented, a diverse and inclusive Team	S1.6, S2.1, S2.2, S2.3, S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S2.19, S3.1, S3.3, S3.4, S3.5, S3.6, S3.7	3, 5, 8, 9, 12	B1.1, B2.1, B2.3, B3.1, B3.2, B4.1, B4.2	102-8, 401, 403, 404, 405
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region	People oriented				
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	People oriented				
B2. Health and Safety	General Disclosure Policies relating to providing a safe working environment and protecting employees from occupational hazards	Occupational safety and health management, safety of the constructions sites				
	KPI B2.1 Number and rate of work-related fatalities	Occupational safety and health management				
	KPI B2.2 Lost days due to work injury	Occupational safety and health management				
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety of the constructions sites				



Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
B3. Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Career development and training	S1.6, S2.1, S2.2, S2.3, S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S2.19, S3.1, S3.3, S3.4, S3.5, S3.6, S3.7	3, 5, 8, 9, 12	B1.1, B2.1, B2.3, B3.1, B3.2, B4.1, B4.2	102-8, 401, 403, 404, 405
	KPI B3.1 The percentage of employees trained by gender and employee category	Career development and training				
	KPI B3.2 The average training hours completed per employee by gender and employee category	Career development and training				
Aspect B4. Labour Standards	General Disclosure Policies relating to preventing child and forced labour	Anti-child labour and anti-forced labour				
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	Anti-child labour and anti-forced labour				
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	Anti-child labour and anti-forced labour				



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
B5. Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain	Supplier selection and supervision	E1.6, E1.7, M2.1, M2.2, M2.3, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9,	3, 9, 11, 12, 17	B5.2, B6.1, B6.2, B6.3, B6.4, B6.5	102-9, 301, 308, 403, 414
	KPI B5.1 Number of suppliers by geographical region	Supplier selection and supervision	M2.10, M2.13, M2.15, M2.16, M2.17, M3.8, M3.9, M3.10,			
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier selection and supervision	M3.11, M3.12, M3.14, M3.15, M3.16			



Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance	Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
B6. Product Responsibility	General Disclosure	Real Estate Project Development	E1.6, E1.7, M2.1, M2.2, M2.3, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9, M2.10, M2.13, M2.15, M2.16,	B5.2, B6.1, B6.2, B6.3, B6.4, B6.5	102-9, 301, 308, 403, 414
	Policies relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress				
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Service responsibility	M2.17, M3.8, M3.9, M3.10, M3.11, M3.12, M3.14, M3.15, M3.16		
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	Service responsibility			
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	Intellectual property and personal information protection			
	KPI B6.4 Description of quality assurance process and recall procedures	Service responsibility			
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Intellectual property and personal information protection			

Environmental, Social and Governance Report (continued)



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance	Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI	
B7. Anti-corruption	General Disclosure Policies relating to bribery, extortion, fraud and money laundering	Anti-corruption and bribery				205
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption and bribery				
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption and bribery				
B8. Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment	E2.22, E3.3, E3.4, G2.2, G2.3, G2.4, G3.1, P2.1, P2.2, S4.1, S4.6, S4.7, S4.8, S4.9, S4.10, S4.11, S4.12, S4.13	1, 2, 3, 4, 8, 9, 10, 11, 17	A3.1, B8.1, B8.2	203, 413
	KPI B8.1 Focus areas of contribution	Community Investment				
	KPI B8.2 Resources contributed to the focus area	Community Investment				



Report of the Directors

The Board herein present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 58 to the consolidated financial statements.

RESULTS AND DIVIDENDS

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 pages 185 to 186.

The Directors recommended the payment of a final dividend of RMB66 cents per ordinary share ("Proposed Final Dividend") and a special dividend of RMB11 cents per ordinary share ("Proposed Special Dividend") (equivalent to HK78.4 cents of Proposed Final Dividend and HK13.1 cents of Proposed Special Dividend, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 29 March 2021, i.e. RMB0.84198 equivalent to HK\$1.00) (2019: final dividend of RMB55 cents, equivalent to HK60.1 cents) (collectively, the "Proposed Dividends") to Shareholders for the year ended 31 December 2020. The Proposed Dividends will be paid to Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Thursday, 10 June 2021, of which the aggregate amounts of the Proposed Final Dividend and Proposed Special Dividend are RMB1,779,283,014 and RMB296,547,169, respectively (equivalent to approximately HK\$2,113,572,550 and HK\$353,160,719, respectively), if the Proposal Final Dividend and Proposed Special Dividend are approved by the Shareholders at the 2021 AGM. The Proposed Dividends shall be paid in Hong Kong dollars.

The dividend policy of the Group is set out on page 91 to this report.

BUSINESS REVIEW

A fair review of the Group's business during the year, a discussion on the prospect of the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 18 to 20 and the Management Discussion and Analysis on pages 21 to 32 of this annual report.

The financial risk management objectives and policies of the Group are shown in note 45 to the consolidated financial statements. The particulars of significant events affecting the Group that have occurred subsequent to the reporting date are set out in note 60 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Chairman's Statement on pages 18 to 20, Financial Highlights on pages 10 to 11 and Five Years Financial Summary on page 451 of this annual report.



ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavoured to strictly comply with laws and regulations regarding environmental protection and the Group has adopted the ecotechnology to ensure our project output meets the standards and ethics in respect of environmental protection.

The Company recognizes the importance of environmental protection. The Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

Details of the Group's environmental policies are contained in the section headed "Environmental, Social and Governance Report" on pages 92 to 161 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the financial year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH STAKEHOLDERS

We fully understand that employees, customers and suppliers and others (together "stakeholders") are the key to our sustainable and stable development. We are committed to maintaining a good relationship with our stakeholders so as to ensure our continuing development.

The Group regarded our staff as the most valuable assets of the Company. The Group is providing a fair and harmonious workplace where individuals with diverse cultural backgrounds are treated equally. The Group offers a reasonable remuneration package and fair opportunities for career advancement based on employees' performance. The Group also provides our staff with different trainings, including on-the-job training and training courses provided by professional organisations in order to enhance staff development and career progression.

The Group believes that our vendors (including contractors) are equally important in building high-quality property projects. The Company proactively communicates with our vendors to ensure they are committed to delivering high-quality and sustainable output.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Years Financial Summary on page 451 of this annual report. This summary does not form part of the audited consolidated financial statements.



Report of the Directors (continued)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2020.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 43 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the Cayman Companies Act which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

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 had purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 61 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 30% of the total sales of the Group for the year. Purchases from five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of the issued Shares) had any interest in the Group's five largest suppliers and customers.



BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at 31 December 2020 are set out in note 39 to the consolidated financial statements of this annual report.

SENIOR NOTES AND BONDS

Details of senior notes and corporate bonds of the Company are set out in note 41 to the consolidated financial statements and in the announcements dated 6 September 2017, 3 May 2018, 11 June 2018, 29 August 2018, 15 October 2018, 3 January 2019, 15 January 2019, 11 February 2019, 14 June 2019, 30 July 2019, 2 September 2019, 2 March 2020, 24 June 2020, 6 August 2020, 17 September 2020, 11 November 2020, 15 January 2021 and 22 February 2021 respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 76 to 91.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed during the following periods:

- (i) from Tuesday, 18 May 2021 to Tuesday, 25 May 2021, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2021 AGM which is scheduled on Tuesday, 25 May 2021, the Register of Members will be closed. In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 17 May 2021; and
- (ii) from Tuesday, 8 June 2021 to Thursday, 10 June 2021, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the Proposed Dividends, the Register of Members will be closed. In order to establish entitlements to the Proposed Dividends, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 7 June 2021.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.



Report of the Directors (continued)

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Guo Zi Wen (*chairman*)

Mr. Guo Zi Ning (*vice chairman and chief executive officer*)

Mr. Ma Jun (*co-president*)

Mr. Chen Zhi Bin (*co-president and chief financial officer*) (*appointed on 27 January 2021*)

Mr. Chan Ka Yeung Jacky (*senior vice president*)

Mr. Zhang Jun (*senior vice president*) (*appointed on 14 April 2020*)

Independent Non-Executive Directors

Mr. Tsui King Fai

Mr. Cheung Kwok Keung

Mr. Lee Thomas Kang Bor (*appointed on 13 April 2021*)

Mr. Hu Jiang (*resigned on 13 April 2021*)

According to the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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 an annual general meeting at least once every three years.

In accordance with Article 87 of the Articles of Association, Mr Guo Zi Ning, Mr. Chan Ka Yeung Jacky and Mr. Tsui King Fai shall retire at the 2021 AGM. In accordance with Article 86(3) of the Articles of Association, Mr. Chen Zhi Bin who was appointed as Director on 27 January 2021 and Mr. Lee Thomas Kang Bor who was appointed as INED on 13 April 2021 shall retire at the 2021 AGM. All of the above Directors, being eligible, will offer themselves for re-election at the 2021 AGM.

The Company has received annual confirmations of independence from all INEDs, and still considers them to be independent as at the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the existing Directors of the Company are set out on pages 33 to 41 of this annual report.



DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprisewide risk is a priority of the Company. The Company is convinced that corporate governance and Directors and Officers Liability Insurance (the “D&O Insurance”) complement each other. The Company has arranged appropriate D&O Insurance coverage on Directors’ and officers’ liabilities in respect of legal actions against Directors and senior management arising out from corporate activities. The D&O Insurance will be reviewed and renewed annually.

DIRECTORS’ SERVICE CONTRACTS

Each of the existing executive Directors has been appointed for a term of three years subject to the provision of retirement and rotation of directors under the Articles of Association of the Company.

Each of the independent non-executive Directors has been appointed for a term of one year at an annual remuneration set out in their appointment letters and other discretionary bonuses as may be determined by the Board according to the recommendation of the Remuneration Committee of the Company subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, no other Director have entered into service contract with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS’ INTERESTS IN MATERIAL CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance, to which the Company, its subsidiaries or fellow subsidiaries, was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

There is no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, or a controlling shareholder or any of its subsidiaries during the year. During the year, no transactions, arrangements and contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

MANAGEMENT CONTRACT

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



Report of the Directors (continued)

PERMITTED INDEMNITY PROVISION

During the year under review and up to the date of this report, the Company's Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Director.

During the year under review and up to the date of this report, the Company has taken out and maintained appropriate insurance to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code were as follows:

- (a) Long position in shares and/or underlying shares under equity derivatives of the Company:

<u>Name of Director</u>	<u>Personal interest</u>	<u>Corporate interest</u>	<u>Total</u>	<u>Percentage</u>
Mr. Guo Zi Wen	–	1,489,332,625 ^(note ii)	1,489,332,625	55.10%
Mr. Guo Zi Ning ^(note ii)				
Mr. Ma Jun	3,500,000	–	3,500,000	0.13%
Mr. Chan Ka Yeung Jacky	2,850,000	–	2,850,000	0.11%
Mr. Zhang Jun	2,989,000	–	2,989,000	0.11%



Notes:

- i. 1,395,201,062 ordinary shares are registered in the name of Ace Rise Profits Limited while 94,131,563 ordinary shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.
- ii. Since April 2013, upon completion of a share transfer, Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited, a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company. As a result, Mr. Guo Zi Ning has a deemed effective interest of about 5.2% of the shares of the Company. Since Ace Rise Profits Limited is not a controlled corporation of Mr. Guo Zi Ning or Ms. Su Chaomei under the SFO, no notice has been filed under the SFO by Mr. Guo Zi Ning in respect his deemed interest in Ace Rise Profits Limited.

(b) Long position in shares and/or underlying shares of the associated corporation of the Company:

Name of director	Name of associated corporation	Capacity	Number of shares	Percentage
Guo Zi Ning	Aoyuan Healthy Life Group Company Limited	Interest of spouse	1,143,000 ^(note iii)	0.16%

Note:

(iii) The 1,143,000 shares are beneficially owned by Ms. Su Chaomei, who is the spouse of Mr. Guo Zi Ning.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2020.



DIRECTOR'S INTEREST IN COMPETING BUSINESS

In order to eliminate competing business with the Group, on 20 September 2007, Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen, entered into a deed of non-competition with the Company.

In compliance with the deed of non-competition signed on 20 September 2007, each of Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner has made an annual declaration on his/her compliance with the non-competition undertaking.

Save as disclosed above, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

The following information is disclosed by the Company pursuant to Rules 13.18 and 13.21 of Chapter 13 of the Listing Rules.

- (i) On 13 March 2018, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement supplemented by two lender accessions on 27 April 2018 and 11 July 2018 (collectively the "2018 Loan Agreement"), pursuant to which facilities a banking relating to secured dual currency term loan facilities in aggregate of approximately HK\$3.2 billion was granted by the lenders to the Company which contains the specific performance obligations on the controlling shareholders of the Company, Mr. Guo Zi Wen and Mr. Guo Zi Ning.

As long as any part of the loan under the 2018 Loan Agreement remains outstanding, the Company shall procure that:

- (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall at all times collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company and collectively remain as the single largest shareholder of the Company; and
- (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall remain as the Chairman and the vice chairman of the Board of the Company respectively and collectively maintain control over the management and business of the Group.

The Company has fully settled the loan under the 2018 Loan Agreement upon its maturity in March 2021.

A breach of any of the said specific performance obligations will constitute an event of default under the 2018 Loan Agreement whereupon, the lenders will have the power to declare the commitment under the 2018 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be forthwith due and payable.



- (ii) On 9 April 2019, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement supplemented by a lender accession on 15 July 2019 (collectively the “2019 Loan Agreement”), pursuant to which facilities a banking relating to secured dual currency term loan facilities in aggregate of approximately HK\$1.6 billion was granted by the lenders to the Company which contains the specific performance obligations on the controlling shareholder of the Company, Mr. Guo Zi Wen.

As long as any part of the loan under the 2019 Loan Agreement remains outstanding, the Company shall procure that:

- (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall at all times collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; and
- (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall remain as the Chairman and the vice chairman of the Board respectively.

Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2019 Loan Agreement.

A breach of any of the said specific performance obligations will constitute an event of default under the 2019 Loan Agreement whereupon, the lenders will have the power to declare the commitment under the 2019 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

- (iii) On 21 January 2020, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement supplemented by a lender accession on 29 April 2020 (collectively the “2020 Loan Agreement”), pursuant to which a banking facility relating to secured dual currency term loan facilities in aggregate of approximately HK\$2.1 billion was granted by the lenders to the Company which contains the specific performance obligations on the controlling shareholder of the Company, Mr. Guo Zi Wen.

As long as any part of the loan under the 2020 Loan Agreement remains outstanding, the Company shall procure that:

- (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall at all times collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; and
- (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall remain as the Chairman and the vice chairman of the Board of the Company respectively.



Report of the Directors (continued)

Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2020 Loan Agreement.

A breach of any of the said specific performance obligations will constitute an event of default under the 2020 Loan Agreement whereupon, the lenders will have the power to declare the commitment under the 2020 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

- (iv) On 8 March 2021, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement (the “2021 Loan Agreement”), pursuant to which a banking facility relating to secured dual currency term loan facilities in aggregate of approximately HK\$1.8 billion was granted by the lenders to the Company which contains the specific performance obligations on the controlling shareholder of the Company, Mr. Guo Zi Wen.

As long as any part of the loan under the 2021 Loan Agreement remains outstanding, the Company shall procure that:

- (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall at all times collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; and
- (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall remain as the Chairman and the vice chairman of the Board of the Company respectively.

Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2021 Loan Agreement.

A breach of any of the said specific performance obligations will constitute an event of default under the 2021 Loan Agreement whereupon, the lenders will have the power to declare the commitment under the 2021 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

GROUP'S EMOLUMENT POLICY

The Company's policy on determining the emolument payable to Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. To enable the Remuneration Committee to give better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.



The details of the Directors' emoluments and senior management's remuneration for the year ended 31 December 2020 are set out in note 11 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital
Ace Rise Profits Limited ^(Note)	Beneficial owner	1,395,201,062	51.62%
Joy Pacific Group Limited ^(Note)	Interest of controlled corporation/Beneficial owner	1,489,332,625	55.10%
Sturgeon Limited ^(Note)	Interest of controlled corporation	1,489,332,625	55.10%
Asia Square Holdings Ltd. ^(Note)	Interest of controlled corporation	1,489,332,625	55.10%
J. Safra Sarasin Trust Company (Singapore) Ltd. ^(Note)	Trustee	1,489,332,625	55.10%
Ms. Jiang Miner ^(Note)	Settlor of The Golden Jade Trust	1,489,332,625	55.10%
Hopka Investments Limited ^(Note)			



Report of the Directors (continued)

Note:

The 1,395,201,062 shares are registered in the name of Ace Rise Profits Limited, while 94,131,563 ordinary shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Sturgeon Limited is wholly owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.

Since April 2013, upon completion of a share transfer, Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited, a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company. As a result, Mr. Guo Zi Ning has a deemed effective interest of about 5.2% of the Company. Since Ace Rise Profits Limited is not a controlled corporation of Mr. Guo Zi Ning or Ms. Su Chaomei under the SFO, no notice has been filed under the SFO by Mr. Guo Zi Ning in respect of his deemed interest in Ace Rise Profits Limited.

Save as disclosed above, as at 31 December 2020, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting of the Company held on 29 May 2018, which shall be valid and effective for a period of 10 years from 29 May 2018. The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include mainly the directors, employees, suppliers of goods or services, customers, shareholders, business partners and professional advisers of the Company.

The maximum number of Shares which may be issued upon exercise of all share options to be granted and granted under the Share Option Scheme is 268,157,135 shares of the Company, representing 10.00% of the total number of issued shares of the Company as at 29 May 2018 (being the date of the annual general meeting of the Company approving the Share Option Scheme).

The maximum number of Shares issuable under the share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. The exercise period of the share options granted is determinable by the Directors, save that the period commences on the date on which the offer is made and ends on a date which is not later than 10 years from the date of the offer of the share options subject to any provisions of the Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.



The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

Details of movements in the options under the Share Option Scheme during the year and options outstanding as at the beginning and end of the year are set out below:

Name or category of participant	Date of grant	Exercise price HK\$	Exercise period	Number of shares subject to options				As at 31 December 2020
				As at 1 January 2020	Granted during the year	Cancelled/lapsed during the year	Exercised during the year	
Directors								
Mr. Ma Jun	16-07-2018	5.522	01-01-2020 to 30-06-2020	2,500,000	-	-	(2,500,000)	-
Mr. Chan Ka Yeung Jacky	16-07-2018	5.522	01-01-2020 to 30-06-2020	2,500,000	-	-	(2,500,000)	-
Mr. Zhang Jun	16-07-2018	5.522	01-01-2020 to 30-06-2020	2,500,000	-	-	(2,500,000)	-
Employees in aggregate (including directors of certain subsidiaries)	16-07-2018	5.522	01-01-2020 to 30-06-2020	5,000,000	-	-	(5,000,000)	-
				12,500,000	-	-	(12,500,000)	-

The closing price of the shares immediately before 16 July 2018 on which the options were granted was HK\$5.42 per share.

The weighted average closing price of the share immediately before the dates on which the options were exercised was HK\$9.16.

The total number of shares of the Company issuable upon exercise of all options granted and may be granted under the Share Option Scheme is 243,157,135 shares, representing 9.02% of the issued shares of the Company as at the date of this report.



Report of the Directors (continued)

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 60 to the consolidated financial statements.

INDEPENDENT AUDITOR

The financial statements for the year ended 31 December 2020 have been audited by Deloitte Touche Tohmatsu. It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

Deloitte Touche Tohmatsu will retire as auditor of the Company and, being eligible, will offer themselves for re-appointment at the 2021 AGM.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 177 to 184.

On behalf of the Board

Guo Zi Wen

Chairman

Hong Kong, 29 March 2021



Deloitte.

德勤

TO THE SHAREHOLDERS OF CHINA AOYUAN GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Aoyuan Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 185 to 450, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT 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.



KEY AUDIT MATTERS (Continued)

Key audit matters

How our audit addressed the key audit matters

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in note 16 to the consolidated financial statements, the investment properties of the Group mainly consist of retail shops, commercial buildings and offices located in the People's Republic of China (the "PRC") and carried at RMB12,408,539,000 as at 31 December 2020, comprising completed investment properties of RMB9,914,267,000 and investment properties under construction of RMB2,494,272,000, representing 3.8% of the Group's total assets. During the year ended 31 December 2020, net change in fair value of investment properties of RMB117,454,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's investment properties are stated at fair value based on valuations performed by a qualified external valuer not connected with the Group (the "Valuer"). Key sources of estimation uncertainty and details of the valuation techniques and key inputs used in the valuations are disclosed in note 4 and note 16 to the consolidated financial statements, respectively. The valuations of completed investment properties are dependent on certain key inputs, including term yield, reversionary yield, unit rent and adjustment made to account for differences in location and level. The valuations of investment properties under construction are dependent on gross development value, expected developer's profit, marketing costs, construction costs to completion and comparable land price.

Our procedures in relation to assessing the appropriateness of the valuation of the investment properties included:

- Understanding and evaluating the management's assessment process for reviewing the work of the Valuer;
- Assessing the competence, capabilities and objectivity of the Valuer;
- Discussing with the Valuer about the valuation process to understand the performance of the property markets, significant assumptions adopted, critical judgmental areas and data used in the valuations;
- Evaluating the reasonableness of the valuation techniques, assumptions and key inputs adopted by management of the Group and the Valuer to market data for a selection of investment properties; and
- Evaluating the sensitivity analysis prepared by management on the key inputs to evaluate the magnitude of their impacts on the fair values and assessing the appropriateness of disclosures of sensitivities.



KEY AUDIT MATTERS (Continued)

Key audit matters	How our audit addressed the key audit matters
<p><i>Valuation of properties for sale</i></p> <p>We identified the valuation of the Group's properties for sale as a key audit matter due to the significant estimates involved in the determination of net realisable value (the "NRV") of these properties. As disclosed in note 27 to the consolidated financial statements, the Group had properties under development of RMB122,839,992,000 and completed properties of RMB35,440,720,000 (collectively referred to as the "Properties For Sale") as at 31 December 2020, which are situated in the People's Republic of China (the "PRC"), Australia, Canada and Hong Kong.</p> <p>As disclosed in note 4 to the consolidated financial statements, management of the Group determined the NRV of the Properties For Sale by reference to the estimated selling prices of the Properties For Sale, which take into account a number of factors including recent prices achieved for similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the PRC, Australia, Canada and Hong Kong, estimated future costs to completion, estimated marketing expenses and the estimated sales-related taxes. Based on management's analysis of the NRV of the Properties For Sale, write-downs of RMB927,635,000 were recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. As at 31 December 2020, write-downs of Properties For Sale amounted to RMB941,068,000.</p>	<p>Our procedures in relation to assessing management's assessment of the NRV of the Properties For Sale included:</p> <ul style="list-style-type: none"> • Assessing management's process of reviewing the budgeted revenue and estimated costs to completion of the Properties For Sale and the determination of the NRV of the Properties For Sale; • Comparing the estimated costs to completion of the Properties for Sale, on a sample basis, to actual development costs of similar completed properties of the Group; • Assessing the appropriateness of the estimated selling prices used by management with reference to market prices achieved in the same project or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by management of the Group based on our understanding of the Group's business; and • Evaluating the reasonableness of the assessment performed by management of the Group on the key inputs to evaluate the magnitude of their impact of the market value and adequacy of write-downs being made.



KEY AUDIT MATTERS (Continued)

Key audit matters

How our audit addressed the key audit matter

Revenue recognised from sales of properties

We identified revenue recognised from sales of properties as a key audit matter as revenue from sales of properties is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income and there is judgment involved in determining the appropriate timing of revenue recognition from sales of properties.

Revenue from sales of properties in the PRC is recognised when properties are delivered and control of the properties is transferred to the purchasers upon the performance obligations are satisfied. The Group recognised revenue of RMB64,416,624,000 from its property development segment for the year ended 31 December 2020, as disclosed in note 5 to the consolidated financial statements.

Our procedures in relation to revenue recognised from the property development segment included:

- Assessing management's process and control of timing when revenue from sales of properties is recognised; and
- Evaluating the terms set out in sales and purchase agreements, on a sample basis, and obtaining evidence regarding the delivery of properties, including, where relevant, completion certificates and delivery notices, to assess whether control of the properties has been transferred to the purchasers upon the performance obligations are satisfied.



KEY AUDIT MATTERS (Continued)

Key audit matters	How our audit addressed the key audit matter
<p><i>Accuracy of land appreciation tax calculations</i></p> <p>We identified the accuracy of land appreciation tax (“LAT”) calculations in the PRC as a key audit matter since significant judgment is required in estimating the amount of LAT to be paid by the Group for its property development projects.</p> <p>LAT is prepaid when properties are pre-sold to the purchasers and is provided when properties are delivered to the purchasers and revenue is recognised. As disclosed in note 10 to the consolidated financial statements, LAT amounting to RMB1,856,366,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. LAT is levied on the sales of properties at a progressive tax rate based on land appreciation. The amount of the land appreciation is determined with reference to proceeds of sales of properties less estimated deductible expenditures, including the cost of land use rights and relevant property development expenditures.</p>	<p>Our procedures in relation to evaluating the accuracy of management’s LAT calculations included:</p> <ul style="list-style-type: none"> • Engaging our internal tax specialists to evaluate the Group’s land appreciation amount and applicable tax rate based on their experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax authorities; • Evaluating management’s assumptions and judgements, on a sample basis, by comparing estimates made in previous periods to actual results as well as current year’s estimates; and • Recalculating LAT provision by testing the underlying data, on a sample basis, and comparing our calculations with the amounts recorded by the Group.



Independent Auditor's Report (continued)

OTHER INFORMATION

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

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

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

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

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

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

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



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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report (continued)

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Wong Kuen.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020



	NOTES	2020 RMB'000	2019 RMB'000
Revenue	5		
Contracts with customers		67,554,967	50,258,139
Leases		238,825	273,011
Total revenue		67,793,792	50,531,150
Cost of sales		(50,784,935)	(35,509,984)
Gross profit		17,008,857	15,021,166
Other income, gains and losses	7	2,178,106	337,789
Change in fair value of investment properties		117,454	393,912
Recognition of change in fair value of properties for sale upon transfer to investment properties		162,046	3,392
Gain on disposal of subsidiaries	48	1,227,798	174,726
Selling and distribution expenses		(2,530,938)	(2,138,052)
Administrative expenses		(3,330,082)	(2,434,697)
Share of results of joint ventures		(229,075)	(45,235)
Share of results of associates		10,531	(5,332)
Finance costs	8	(1,006,170)	(718,177)
Profit before tax	9	13,608,527	10,589,492
Income tax expense	10	(6,557,481)	(5,367,662)
Profit for the year		7,051,046	5,221,830
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI")		19,470	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		32,133	(3,983)
Other comprehensive income (expense) for the year		51,603	(3,983)
Profit and total comprehensive income for the year		7,102,649	5,217,847



Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Profit for the year attributable to:			
– Owners of the Company		5,907,550	4,200,780
– Non-controlling interests		1,143,496	1,021,050
		7,051,046	5,221,830
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		5,957,410	4,196,347
– Non-controlling interests		1,145,239	1,021,500
		7,102,649	5,217,847
Earnings per share (RMB cents)			
Basic	13	218.84	156.48
Diluted	13	218.71	156.16

Consolidated Statement of Financial Position

At 31 December 2020



	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,188,978	2,686,443
Right-of-use assets	15	1,622,716	1,552,814
Investment properties	16	12,408,539	10,072,375
Goodwill	17	688,144	3,491
Intangible assets	18	282,038	4,320
Interests in joint ventures	19	6,735,883	4,280,364
Interests in associates	20	4,008,334	1,584,516
Equity instruments at fair value through profit or loss ("FVTPL")	21	249,784	–
Equity instruments at FVTOCI	21	628,517	245,777
Deferred tax assets	22	1,636,606	998,444
Deposits paid for acquisitions of subsidiaries	23	81,600	4,110,308
Deposits paid for acquisition of property, plant and equipment		41,382	–
Deposits paid for acquisitions of joint ventures	24	877,611	44,377
Amounts due from non-controlling shareholders of subsidiaries	25	27,000	363,920
Amounts due from joint ventures	26	1,292,472	1,167,161
Trade and other receivables	28	259,433	308,596
		35,029,037	27,422,906
CURRENT ASSETS			
Properties for sale	27	158,280,712	158,931,481
Inventories		265,954	83,530
Trade and other receivables	28	29,167,308	26,258,864
Deposits paid for acquisitions of land use rights and property projects	29	–	266,454
Amounts due from non-controlling shareholders of subsidiaries	30	5,548,176	3,588,439
Amounts due from joint ventures	31	21,916,040	1,316,451
Amounts due from associates	32	1,040,784	464,419
Financial assets at FVTPL	33	791,042	574,400
Tax recoverable		3,613,743	2,913,645
Structured deposits	33	–	704,500
Restricted bank deposits	34	17,521,833	9,312,790
Bank balances and cash	34	52,503,827	58,042,554
		290,649,419	262,457,527



Consolidated Statement of Financial Position (continued)

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Trade and other payables	35	40,557,088	36,837,682
Financial liability at FVTPL	36	29,050	–
Contract liabilities	37	69,039,857	86,056,335
Amounts due to non-controlling shareholders of subsidiaries	30	5,481,613	9,991,460
Amounts due to joint ventures	38	23,938,123	12,713,851
Amounts due to associates	32	683,862	116,632
Tax liabilities		11,732,743	8,081,061
Bank and other borrowings	39	38,514,135	33,809,040
Lease liabilities	40	148,036	242,844
Senior notes and bonds	41	13,753,322	8,064,013
Provisions	42	2,274,284	934,406
		206,152,113	196,847,324
NET CURRENT ASSETS			
		84,497,306	65,610,203
TOTAL ASSETS LESS CURRENT LIABILITIES			
		119,526,343	93,033,109
NON-CURRENT LIABILITIES			
Bank and other borrowings	39	42,439,159	35,151,698
Deferred tax liabilities	22	1,959,942	1,441,881
Lease liabilities	40	521,361	703,743
Senior notes and bonds	41	20,166,368	18,739,179
Deferred income		186,867	–
		65,273,697	56,036,501
NET ASSETS			
		54,252,646	36,996,608

Consolidated Statement of Financial Position (continued)

At 31 December 2020



	NOTE	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital	43	25,567	25,453
Reserves		18,527,320	15,004,428
Equity attributable to owners of the Company		18,552,887	15,029,881
Non-controlling interests		35,699,759	21,966,727
TOTAL EQUITY		54,252,646	36,996,608

The consolidated financial statements on pages 185 to 450 were approved and authorised for issue by the Board of Directors on 29 March 2021 and are signed on its behalf by:

Guo Zi Wen
DIRECTOR

Guo Zi Ning
DIRECTOR



Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Statutory reserve	Special reserve	Translation reserve	Revaluation reserve	Share option reserve	Retained profits	Sub-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 a)	(Note b)		(Note c)					
At 1 January 2019	25,343	4,184,412	1,093	536,969	365,048	2,426	37,735	11,487	6,707,704	11,872,217	18,861,629	30,733,846
Profit for the year	-	-	-	-	-	-	-	-	4,200,780	4,200,780	1,021,050	5,221,830
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(4,433)	-	-	-	(4,433)	450	(3,983)
Profit (loss) and total comprehensive income (expense) for the year	-	-	-	-	-	(4,433)	-	-	4,200,780	4,196,347	1,021,500	5,217,847
Appropriation to statutory reserve	-	-	-	86,749	-	-	-	-	(86,749)	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	7,869	-	7,869	-	7,869
Exercise of share options	110	70,796	-	-	-	-	-	(10,056)	-	60,850	-	60,850
Disposal of subsidiaries (note 48(a))	-	-	-	-	-	-	-	-	-	-	(182,899)	(182,899)
Deemed disposal of partial interests in subsidiaries without loss of control (note 48(b))	-	-	-	-	297,044	-	-	-	-	297,044	3,965,385	4,262,429
Acquisitions of subsidiaries (note 46)	-	-	-	-	-	-	-	-	-	-	1,889,732	1,889,732
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 47)	-	-	-	-	(413,652)	-	-	-	-	(413,652)	(4,098,567)	(4,512,219)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,363,209	1,363,209
Dividend recognised as distribution (note 12)	-	-	-	-	-	-	-	-	(990,794)	(990,794)	-	(990,794)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(853,262)	(853,262)
At 31 December 2019	25,453	4,255,208	1,093	623,718	248,440	(2,007)	37,735	9,300	9,830,941	15,029,881	21,966,727	36,996,608

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2020



	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Statutory reserve	Special reserve	Translation reserve	Revaluation reserve	Share option reserve	Retained profits	Sub-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 a)	(Note b)		(Note c)					
Profit for the year	-	-	-	-	-	-	-	-	5,907,550	5,907,550	1,143,496	7,051,046
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	-	19,470	-	-	19,470	-	19,470
Exchange differences arising on translation of foreign operations	-	-	-	-	-	30,390	-	-	-	30,390	1,743	32,133
Profit and total comprehensive income for the year	-	-	-	-	-	30,390	19,470	-	5,907,550	5,957,410	1,145,239	7,102,649
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	7,036	7,036
Exercise of share options	114	70,506	-	-	-	-	-	(9,300)	-	61,320	-	61,320
Deemed disposal of partial interests in subsidiaries without loss of control (note 48(b))	-	-	-	-	(306,887)	-	-	-	-	(306,887)	14,145,643	13,838,756
Disposal of subsidiaries (note 48(a))	-	-	-	-	24,208	-	-	-	(24,208)	-	(1,359,151)	(1,359,151)
Acquisitions of subsidiaries (note 46)	-	-	-	-	-	-	-	-	-	-	3,244,940	3,244,940
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 47)	-	-	-	-	(709,126)	-	-	-	-	(709,126)	(8,862,038)	(9,571,164)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	5,953,916	5,953,916
Withdrawal of capital contribution by former non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(65,767)	(65,767)
Dividend recognised as distribution (note 12)	-	-	-	-	-	-	-	-	(1,479,711)	(1,479,711)	-	(1,479,711)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(476,786)	(476,786)
At 31 December 2020	25,567	4,325,714	1,093	623,718	(743,365)	28,383	57,205	-	14,234,572	18,552,887	35,699,759	54,252,646



Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2020

Notes:

- (a) The statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.
- (b) Special reserve represents amounts arising from the acquisitions of additional equity interests in subsidiaries from non-controlling shareholders of subsidiaries or disposal/deemed disposal of equity interests in subsidiaries without losing control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.
- (c) Revaluation reserve represents (i) revaluation surplus arising from transfer of owner-occupied properties to investment properties at the date of change in use amounted to RMB37,735,000 net of related deferred tax during the year ended 31 December 2007; and (ii) revaluation reserve amounted RMB19,470,000 arising from fair value change on equity instruments at FVTOCI.

Consolidated Statement of Cash Flows



For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before tax	13,608,527	10,589,492
Adjustments for:		
Change in fair value of investment properties	(117,454)	(393,912)
Recognition of change in fair value of properties for sale upon transfer to investment properties	(162,046)	(3,392)
Investment return from financial assets at FVTPL	–	(33,595)
Investment return from structured deposits	(12,315)	(52,909)
Gain on change in fair value of financial assets/ equity instruments at FVTPL	(80,285)	–
Loss on change in fair value of financial liability at FVTPL	9,889	–
Gain on termination of right-of-use assets	(10,460)	–
Finance costs	1,006,170	718,177
Share of results of joint ventures	229,075	45,235
Share of results of associates	(10,531)	5,332
Gain on disposal of subsidiaries	(1,227,798)	(174,726)
Gain on disposal of joint ventures	(252,197)	(4,328)
Share-based payments	7,036	7,869
Bank interest income	(781,226)	(360,465)
Other interest income	(168,689)	(83,049)
Depreciation of property, plant and equipment	289,332	170,840
Depreciation of right-of-use assets	252,894	168,351
Amortisation of intangible assets	25,001	1,175
Loss on disposal of property, plant and equipment	79,518	417
Exchange (gain) losses, net	(1,839,745)	151,073
Write-down of properties for sale	927,635	–
Impairment losses on trade and other receivables	121,509	91,184
Impairment losses on amounts due from joint ventures	57,543	–
Impairment losses on right-of-use assets	18,997	–
Amortisation of deferred income	(124,633)	–
Operating cash flows before movements in working capital	11,845,747	10,842,769
Increase in inventories	(47,521)	(18,641)
Decrease (increase) in properties for sale	6,929,684	(20,860,371)
Decrease in deposits paid for acquisitions of land use rights and property projects	266,454	411,813
Increase in trade and other receivables	(8,440,015)	(9,349,517)
Increase in trade and other payables	1,531,100	6,100,816
(Decrease) increase in contract liabilities	(15,794,139)	21,269,110
Increase in deferred income	37,847	–
Cash (used in) from operations	(3,670,843)	8,395,979
Enterprise Income Tax (“EIT”) and Land Appreciation Tax (“LAT”) paid	(4,231,192)	(3,408,403)
Interest paid	(7,757,021)	(6,812,833)
NET CASH USED IN OPERATING ACTIVITIES	(15,659,056)	(1,825,257)



Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Placement of restricted bank deposits		(19,834,778)	(9,139,488)
Withdrawal of restricted bank deposits		11,609,869	2,107,953
Placement of bank and structured deposits		(16,725,663)	(12,642,636)
Withdrawal of bank and structured deposits		11,792,635	4,403,000
Settlement in consideration payable for acquisitions of subsidiaries in prior year		(806,444)	(1,118,536)
Deposits refund (paid) for acquisitions of subsidiaries		1,413,851	(3,342,016)
Deposits paid for acquisitions of joint ventures		(833,234)	(3,436)
Deposits paid for acquisition of property, plant and equipment		(2,524)	–
Payments for investment properties		(652,914)	(597,645)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	46	(925,100)	(366,455)
Purchases of property, plant and equipment		(300,457)	(1,285,658)
Payments for right-of-use assets		(185,870)	(84,918)
Proceeds on disposal of property, plant and equipment		–	7,333
Advances to non-controlling shareholders of subsidiaries		(2,924,939)	(2,357,986)
Repayments from non-controlling shareholders of subsidiaries		618,746	411,253
Advances to joint ventures		(22,294,816)	(2,083,066)
Repayments from joint ventures		948,170	292,497
Repayments from associates		44,760	13,765
Advances to associates		(621,125)	(429,892)
Investments in joint ventures		(1,449,813)	(1,151,650)
Withdrawal of investment in a joint venture		10,391	–
Investments in associates		(2,398,389)	(1,232,500)
Investments in equity instruments at FVTOCI		(300,000)	(212,257)
Deposit refund (paid) for acquisition of Aeon Life Insurance Company		3,261,600	(3,261,600)
Investment in financial assets/equity instruments at FVTPL		(403,177)	(50,000)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	48(a)	(3,125,817)	98,675
Interest received		949,915	443,514
Investment return from financial assets at FVTPL and structured deposits		12,315	86,504
Proceeds from disposal of investment properties		55,882	42,959
Proceeds from disposal of joint ventures		365,000	10,500
Proceeds from disposal of financial assets/equity instruments at FVTPL		121,137	–
Proceeds upon maturity of financial assets at FVTPL		50,281	–
NET CASH USED IN INVESTING ACTIVITIES		(42,530,508)	(31,441,786)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2020



	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
New bank and other borrowings raised	81,742,842	56,022,418
Repayment of bank and other borrowings	(54,169,573)	(29,186,374)
Proceeds received from senior notes and bonds, net of issue expenses	14,544,801	12,300,493
Settlement of senior notes and bonds	(6,098,811)	(3,182,675)
Early redemptions of senior notes	(51,057)	–
Repayment of lease liabilities	(224,603)	(153,720)
Interest paid on lease liabilities	(69,324)	(77,462)
Repayment of other payables	(534,210)	(36,188)
Advances from non-controlling shareholders of subsidiaries	1,287,421	2,767,647
Repayments to non-controlling shareholders of subsidiaries	(3,324,066)	(1,484,768)
Loans from non-controlling shareholders of subsidiaries	–	4,100
Repayments of loans from non-controlling shareholders of subsidiaries	–	(547,430)
Advances from joint ventures	16,095,612	7,654,801
Repayments to joint ventures	(7,613,247)	(13,713)
Advances from associates	567,230	116,587
Repayment to an associate	–	(4)
Dividends paid to owners of the Company	(1,479,711)	(990,794)
Dividends paid to non-controlling shareholders of subsidiaries of the Company	(476,786)	(853,262)
Proceeds from deemed disposal of partial interests in subsidiaries without loss of controls	13,838,756	4,262,429
Acquisition of additional interests from non-controlling shareholders of subsidiaries	(12,378,164)	(1,705,219)
Contribution from non-controlling shareholders of subsidiaries	5,953,916	1,363,209
Withdrawal of capital contribution by former non-controlling shareholders of subsidiaries	(65,767)	–
Exercise of share options	61,320	60,850
NET CASH FROM FINANCING ACTIVITIES	47,606,579	46,320,925
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,582,985)	13,053,882
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(593,269)	113,247
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	46,104,418	32,937,289
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	34,928,164	46,104,418



Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

China Aoyuan Group Limited (the “Company”) is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company’s immediate holding company is Ace Rise Profits Limited, a limited company which was incorporated as an exempted company with limited liability in the British Virgin Islands. Its ultimate holding company is Joy Pacific Group Limited, a limited liability company incorporated in the British Virgin Islands which is controlled by Mr. Guo Zi Wen. The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 58.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to herein as “the Group”) have applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

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



2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

Amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 *Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material*

The Group has applied the Amendments to IAS 1 and IAS 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.

2.2 *Impacts on application of Amendments to IFRS 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 Group has elected to apply the optional concentration test on the acquisitions detailed in note 46 and concluded that such acquisitions do not constitute a business.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and amendments to IFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.



2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the *Conceptual Framework for Financial Reporting* issued by International Accounting Standards Board in March 2018 (the “Conceptual Framework”) instead of the International Accounting Standards Committee’s *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010);
- add a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

Based on the Group’s outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group’s liabilities.



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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs. 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 SEHK and by the Hong Kong Companies Ordinance.

The management 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 the reporting period, as explained in the accounting policies set out below.

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

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



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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 Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



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

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where 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.



Notes to the Consolidated Financial Statements (continued)

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)

Basis of consolidation (Continued)

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

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

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

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

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



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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries 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 previous 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 the subsidiary are accounted for as if the Group has 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 specific/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



Notes to the Consolidated Financial Statements (continued)

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)

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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



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

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations

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

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

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

- deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);



Notes to the Consolidated Financial Statements (continued)

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)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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



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

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.



Notes to the Consolidated Financial Statements (continued)

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)

Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of joint ventures and associates is described below.



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

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 the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate and a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. Changes in net assets of the associate and 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 and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate and 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 and joint venture.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.



Notes to the Consolidated Financial Statements (continued)

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)

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 IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9 “Financial Instruments” (“IFRS 9”), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, 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 or partial disposal of the relevant associate or joint venture.

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

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



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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

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

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



Notes to the Consolidated Financial Statements (continued)

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)

Revenue from contracts with customers (Continued)

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

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

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.



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)

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 (agency 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.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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.



Notes to the Consolidated Financial Statements (continued)

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 IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

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



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)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, office equipment and transportation 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 asset includes:

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



Notes to the Consolidated Financial Statements (continued)

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)

Right-of-use assets (Continued)

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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



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)

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;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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



Notes to the Consolidated Financial Statements (continued)

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)

Lease liabilities (Continued)

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 market rental rates following a market rent review 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.

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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



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)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as 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.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the 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.

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



Notes to the Consolidated Financial Statements (continued)

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 lessor (Continued)

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

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.



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

3.2 Significant accounting policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 period 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 or joint ventures.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency (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 period, 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 translation reserve (and attributed to non-controlling interests as appropriate).



Notes to the Consolidated Financial Statements (continued)

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)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associate or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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 borrowing 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.



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 whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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. Such grants are presented under "other income, gains and losses".

Employee Benefits

Retirement benefit costs

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

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.



Notes to the Consolidated Financial Statements (continued)

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)

Share-based payments arrangement

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 54 to the Group's consolidated financial statements.

The fair value of the equity-settled payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on the assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.



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

3.2 Significant accounting policies (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted 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 difference 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 goodwill or from the initial recognition (other than in a business combination) of other 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 arising on 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 the 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.



Notes to the Consolidated Financial Statements (continued)

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)

Taxation (Continued)

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 "Income Taxes" ("IAS 12") (i.e. based on the expected manner as to how the properties will be recovered).

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 IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revisions to the carrying amounts of the right-of-use assets and lease liabilities resulting from remeasurement of the lease liabilities and lease modifications that are not subject to the initial recognition exemption are recognised on the date of remeasurement or modification.



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 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 used 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.

Property, plant and equipment

Property, plant and equipment including buildings that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and 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.



Notes to the Consolidated Financial Statements (continued)

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)

Property, plant and equipment (Continued)

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

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at 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.

Investment properties

Investment properties are properties and/or land held to earn rentals and/or for capital appreciation (including investment properties under construction for such purpose).

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

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



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

3.2 Significant accounting policies (Continued)

Investment properties (Continued)

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

The Group transfers a property for sale 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.

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

Intangible assets acquired in a business combination

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.

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.



Notes to the Consolidated Financial Statements (continued)

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)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and deferred contract costs to determine whether there is any indication that these 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.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 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 amounts 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.



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, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (Continued)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Properties for sale

Properties under development which are intended to be sold upon completion of development and properties 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 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.

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



Notes to the Consolidated Financial Statements (continued)

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 represent trading merchandises are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and 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).

Provisions for land acquired are based on estimates of required expenditure on the properties. The Group estimates its liabilities for land acquired based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessment of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Provisions for land acquired are added to the cost of properties for sale in the period in which the obligation is identified.



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

3.2 Significant accounting policies (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities designated at 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 payment (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.



Notes to the Consolidated Financial Statements (continued)

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

Classification and subsequent measurement

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 hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets 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 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 “Business Combinations” (“IFRS 3”) 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 (Continued)

A financial asset is classified as held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that 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.

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.



Notes to the Consolidated Financial Statements (continued)

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)

Classification and subsequent measurement of financial assets

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the revaluation reserve.

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

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 (including listed equity investments and structured deposits) 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 income, gains and losses" line item in profit or loss.



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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates, restricted bank deposits, bank balances and cash), and other items (rental receivables, contract assets and financial guarantees contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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 increase in the likelihood or risk of a default occurring since initial recognition.



Notes to the Consolidated Financial Statements (continued)

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)

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

(i) Significant increase in credit risk

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

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

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



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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

(i) Significant increase in credit risk (Continued)

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitments 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.



Notes to the Consolidated Financial Statements (continued)

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)

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

(i) Significant increase in credit risk (Continued)

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 the instrument 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.



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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 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 a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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



Notes to the Consolidated Financial Statements (continued)

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)

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

(v) Measurement and recognition of ECL

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

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

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 of 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 for which the effective interest rate cannot be determined, 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.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.



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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

(v) Measurement and recognition of ECL (Continued)

For collective assessment, 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 the management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account.



Notes to the Consolidated Financial Statements (continued)

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)

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

Derecognition of financial assets

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

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

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

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.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in the 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 effective interest method or at FVTPL.



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 FVTPL

Financial liabilities is classified as at FVPTL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies; (ii) held for trading or (iii) it is designated at FTVPL.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to non-controlling shareholders of subsidiaries, joint ventures and associates, bank and other borrowings and senior notes and bonds) 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 their fair value. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 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.



Notes to the Consolidated Financial Statements (continued)

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)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.



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, the management of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the management of the Company have 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 taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties 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 determining the Group's deferred taxation on investment properties, the management of the Company have determined that 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 recognised deferred taxes of both EIT and LAT on changes in fair value of all investment properties.

Control over 奧園美谷科技股份有限公司 Aoyuan Beauty Valley Technology Co., Ltd ("Aoyuan Beauty Valley") and its subsidiaries (the "Aoyuan Beauty Valley Group", and formerly known as 京漢實業投資集團股份有限公司 Kinghand Industrial Investment Group Co., Ltd)

Aoyuan Beauty Valley Technology Co., Ltd and its subsidiaries are accounted for as subsidiaries of the Company although the Group holds only 29.3% or 29.99% ownership interests and voting rights in the Aoyuan Beauty Valley Group and the remaining equity interests of the Aoyuan Beauty Valley Group are owned by shareholders that are unrelated to the Group. Details of these are set out in note 58.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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

Critical judgment in applying accounting policies (Continued)

Control over 奧園美谷科技股份有限公司 Aoyuan Beauty Valley Technology Co., Ltd (“Aoyuan Beauty Valley”) and its subsidiaries (the “Aoyuan Beauty Valley Group”, and formerly known as 京漢實業投資集團股份有限公司 Kinghand Industrial Investment Group Co., Ltd) (Continued)

The management of the Company assessed whether or not the Group has control over the Aoyuan Beauty Valley Group based on whether the Group has practical ability to direct the relevant activities of the Aoyuan Beauty Valley Group unilaterally. In making the judgement, management considered the Group’s power in making decisions over the relevant activities of the Aoyuan Beauty Valley Group at different times throughout its life in accordance with memorandum of associations, such as the approval of the operation plan and budget, appointing, remunerating and terminating the key management personnel. The management also considered the relative size and dispersion of the shareholdings owned by the other shareholders, and the voting patterns at previous shareholders’ meetings. After assessment, management concluded that the Group has control over the Aoyuan Beauty Valley Group as its relevant activities are approved by a simple majority of its board of directors and the Group is able to appoint more than half of the board of directors of the Aoyuan Beauty Valley, and the Group has the practical ability to direct the relevant activities at shareholders’ meetings.

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 the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation and volatility in financial markets.

As at 31 December 2020, the carrying amounts of goodwill is RMB688,144,000 (2019: RMB3,491,000). Details of the recoverable amount calculation are disclosed in note 17.



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

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

The investment properties of the Group are measured at fair value for financial reporting purposes. The management of the Company have set up a property valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages qualified external valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the management of the Company twice a year to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

In relying on the valuation report, the management of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The management of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2020, the carrying amount of the Group's investment properties is RMB12,408,539,000 (2019: RMB10,072,375,000).



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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

Key sources of estimation uncertainty (Continued)

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of the cost and net realisable value. Cost of each unit in each phase of development is determined using the weighted average cost method. The net realisable value is the estimated selling price (which has taken into account a number of factors including recent prices achieved for similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the PRC, Australia, Canada and Hong Kong) less estimated costs to completion, estimated selling expenses and estimated sales-related taxes, which are estimated based on best available information. Where there is any decrease in the estimated selling price arising or increase in total construction costs from any changes to the property market conditions, there may be written down on the properties under development for sale and completed properties for sale.

As at 31 December 2020, the aggregate carrying amount of properties under development and completed properties for sale amounted to RMB158,280,712,000, net of write-downs of RMB941,068,000 (2019: the aggregate carrying amount of RMB158,931,481,000, net of write-downs of RMB13,433,000).

Impairment of hotel assets included in property, plant and equipment and right-of-use assets

The carrying amounts of property, plant and equipment are reviewed annually and adjusted for impairment in accordance with IAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the assets is the higher of fair value less costs of disposal and value in use. In assessing fair value less costs of disposal, a combination of the market approach and depreciated replacement cost approach was adopted in assessing the land portion and the buildings structures of the hotel, respectively, taking into account of discount for vacancy and cost to sell the hotel property. Details of the recoverable amount calculation for property, plant and equipment are disclosed in note 14.



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

Key sources of estimation uncertainty (Continued)

Impairment of hotel assets included in property, plant and equipment and right-of-use assets (Continued)

Right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2020, the carrying amounts of right-of-use assets subject to impairment assessment were RMB1,622,716,000, (2019: RMB1,552,814,000). Details of the impairment of right-of-use assets are disclosed in note 15.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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

Key sources of estimation uncertainty (Continued)

LAT

The Group is subject to LAT in the PRC. LAT is prepaid when properties are pre-sold to the purchasers and is provided when properties are delivered to the purchasers and revenue is recognised. The appropriateness of the rates used are determined by the appreciation of land value. However, the implementation and settlement 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 and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The amount of the land appreciation is determined with reference to proceeds of the sales of properties less the estimated deductible expenditures, including the cost of land use rights and relevant property development expenditures. 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 periods in which such tax is finalised with local tax authorities.

Deferred tax asset

As at 31 December 2020, a deferred tax asset of RMB1,237,803,000 (2019: RMB943,036,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB5,669,603,000 (2019: RMB3,280,066,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.



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

Key sources of estimation uncertainty (Continued)

Provision for land acquired

The provision for land acquired has been determined by the management of the Company based on their best estimates. The management of the Company estimated this liability for land acquired based upon detailed calculations of the amount and timing of future cash flows spending on the properties development, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the costs expected to be required to settle the obligation. However, the estimate of the associated costs may be subject to change due to the change of construction cost in the future. The management of the Company review the provision regularly such that it properly reflects the present value of the obligation arising from the development of the current and past properties. The movement of provisions for land acquired during the year is set out in note 42.

Provision of ECL for amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates and trade and other receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

When ECL assessment is performed using a provision matrix. Details on how ECL were measured should be consistent to the internal credit risk management of the Group in note 45.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates and trade and other receivables are disclosed in note 45.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

5. REVENUE

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	52,639,605	–	–	52,639,605
Commercial apartments	4,404,197	–	–	4,404,197
Retail shops and others	3,445,901	–	–	3,445,901
Low-density residential	3,926,921	–	–	3,926,921
	64,416,624	–	–	64,416,624
Others				
Property management services	–	–	951,137	951,137
Sales of goods	–	–	1,154,620	1,154,620
Others	–	–	1,032,586	1,032,586
	–	–	3,138,343	3,138,343
Revenue from contracts with customers	64,416,624	–	3,138,343	67,554,967
Property investment				
Commercial and retail shops	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792
Timing of revenue recognition				
At a point of time	64,416,624	–	2,014,255	66,430,879
Recognised over time	–	–	1,124,088	1,124,088
	64,416,624	–	3,138,343	67,554,967
Rental income	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792



5. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2019			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	38,188,179	–	–	38,188,179
Commercial apartments	3,193,774	–	–	3,193,774
Retail shops and others	4,954,601	–	–	4,954,601
Low-density residential	1,754,271	–	–	1,754,271
	48,090,825	–	–	48,090,825
Others				
Property management services	–	–	562,435	562,435
Sales of goods	–	–	1,230,922	1,230,922
Others	–	–	373,957	373,957
	–	–	2,167,314	2,167,314
Revenue from contracts with customers	48,090,825	–	2,167,314	50,258,139
Property investment				
Commercial and retail shops	–	273,011	–	273,011
Total	48,090,825	273,011	2,167,314	50,531,150
Timing of revenue recognition				
At a point of time	48,090,825	–	1,344,571	49,435,396
Recognised over time	–	–	822,743	822,743
	48,090,825	–	2,167,314	50,258,139
Rental income	–	273,011	–	273,011
Total	48,090,825	273,011	2,167,314	50,531,150



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

5. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of properties;
- Property management services; and
- Sales of goods.

For contracts entered into with customers on sales of properties, the relevant properties specified in contracts will be delivered to specified customers with no alternative use on the relevant properties. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, it is 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 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 remaining consideration is probable.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

For property management services income from properties managed, where the Group acts as principal and is primary responsible for providing the property management services to property owners. As property owners simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.



5. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Performance obligations for contracts with customers (Continued)

For sales of goods, revenue is recognised when the customer obtains the control of the goods, being at the point the goods are delivered to the customer's specific location, the Group has present right to payment and the collection of the consideration is probable.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	50,743,307	35,674,528

6. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

- Property development – development and sale of properties
- Property investment – lease of investment properties
- Others – hotel operation, provision of property management services and sales of goods



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

6. SEGMENT INFORMATION (Continued)

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2020			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	64,416,624	238,825	3,138,343	67,793,792
Segment profit	11,318,952	282,472	153,656	11,755,080
Other income, gains and losses				2,242,650
Gain on disposal of subsidiaries				1,227,798
Unallocated corporate expenses				(392,287)
Share of results of joint ventures				(229,075)
Share of results of associates				10,531
Finance costs				(1,006,170)
Profit before tax				13,608,527

	For the year ended 31 December 2019			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	48,090,825	273,011	2,167,314	50,531,150
Segment profit (loss)	10,578,281	441,168	(10,123)	11,009,326
Other income, gains and losses				428,973
Gain on disposal of subsidiaries				174,726
Unallocated corporate expenses				(254,789)
Share of results of joint ventures				(45,235)
Share of results of associates				(5,332)
Finance costs				(718,177)
Profit before tax				10,589,492

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, gain on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.



6. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2020 RMB'000	2019 RMB'000
Property development	194,736,861	194,626,996
Property investment	12,474,933	10,136,687
Others	5,328,893	2,250,766
Total segment assets	212,540,687	207,014,449
Unallocated assets:		
Interests in joint ventures	6,735,883	4,280,364
Interests in associates	4,008,334	1,584,516
Equity instruments at FVTPL	249,784	–
Equity instruments at FVTOCI	628,517	245,777
Deferred tax assets	1,636,606	998,444
Amounts due from joint ventures	23,208,512	2,483,612
Amounts due from associates	1,040,784	464,419
Tax recoverable	3,613,743	2,913,645
Financial assets at FVTPL	791,042	574,400
Structured deposits	–	704,500
Restricted bank deposits	17,521,833	9,312,790
Bank balances and cash	52,503,827	58,042,554
Others	1,198,904	1,260,963
Consolidated assets	325,678,456	289,880,433



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

6. SEGMENT INFORMATION (Continued)

Segment liabilities

	2020 RMB'000	2019 RMB'000
Property development	115,832,672	133,685,265
Property investment	88,735	82,955
Others	2,093,633	737,593
Total segment liabilities	118,015,040	134,505,813
Unallocated liabilities:		
Bank and other borrowings	80,953,294	68,960,738
Senior notes and bonds	33,919,690	26,803,192
Amounts due to joint ventures	23,938,123	12,713,851
Amounts due to associates	683,862	116,632
Tax liabilities	11,732,743	8,081,061
Deferred tax liabilities	1,959,942	1,441,881
Others	223,116	260,657
Consolidated liabilities	271,425,810	252,883,825

For the purposes monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than certain amount of property, plant and equipment, right-of-use assets, interests in joint ventures and associates, equity instruments at FVTPL, equity instruments at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, financial assets at FVTPL, structured deposits, restricted bank deposits, bank balances and cash and other assets not attributable to respective segment.
- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds, deferred tax liabilities and certain amount of lease liabilities not attributable to respective segment.



6. SEGMENT INFORMATION (Continued)

Other segment information

	For the year ended 31 December 2020				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Additions of property, plant and equipment	59,641	-	420,640	23,739	504,020
Additions of investment properties	-	722,071	-	-	722,071
Additions of right-of-use assets	67,280	-	505,347	-	572,627
Depreciation of property, plant and equipment	109,982	-	135,401	43,949	289,332
Amortisation of intangible assets	-	-	25,001	-	25,001
Depreciation of right-of-use assets	94,746	-	101,654	56,494	252,894
Loss on disposal of property, plant and equipment	3,456	-	76,062	-	79,518
Impairment losses on trade and other receivables	105,535	-	15,974	-	121,509
Impairment losses on right-of-use assets	-	-	18,997	-	18,997
Change in fair value of investment properties	-	117,454	-	-	117,454
Recognition of change in fair value of properties for sale upon transfer to investment properties	-	162,046	-	-	162,046



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	For the year ended 31 December 2019				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Additions of property, plant and equipment	116,153	–	901,527	267,978	1,285,658
Additions of investment properties	–	633,129	–	–	633,129
Additions of right-of-use assets	235,414	–	365,713	–	601,127
Depreciation of property, plant and equipment	63,326	–	84,401	23,113	170,840
Amortisation of intangible assets	–	–	1,175	–	1,175
Depreciation of right-of-use assets	56,118	–	61,571	50,662	168,351
Loss on disposal of property, plant and equipment	417	–	–	–	417
Impairment losses on trade and other receivables	87,637	–	3,547	–	91,184
Change in fair value of investment properties	–	393,912	–	–	393,912
Recognition of change in fair value of properties for sale upon transfer to investment properties	–	3,392	–	–	3,392



6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations and location of non-current assets are substantially in the PRC. Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments other than equity instruments at FVTOCI, equity instruments at FVTPL, deferred tax assets, trade and other receivables, amounts due from non-controlling shareholders of subsidiaries and joint ventures.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Mainland China	65,415,071	48,687,593	30,555,174	24,141,505
Hong Kong	–	–	322,535	163,006
Australia	2,371,676	1,837,039	7,947	6,876
Canada	7,045	6,518	49,569	27,621
	67,793,792	50,531,150	30,935,225	24,339,008

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2020 and 2019.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

7. OTHER INCOME, GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Exchange gains (losses), net	1,839,745	(151,073)
Gain on change in fair value of financial assets/ equity instruments at FVTPL	80,285	–
Loss on change in fair value of financial liability at FVTPL	(9,889)	–
Investment return from financial assets at FVTPL	–	33,595
Investment return from structured deposits	12,315	52,909
Bank interest income	781,226	360,465
Other interest income	168,689	83,049
Government subsidy (note (a))	150,593	11,480
Loss on disposal of property, plant and equipment	(79,518)	(417)
Gain on disposal of joint ventures	252,197	4,328
Write-down of properties for sale	(927,635)	–
Impairment losses on trade and other receivables	(121,509)	(91,184)
Impairment losses on amounts due from joint ventures	(57,543)	–
Impairment losses on right-of-use assets	(18,997)	–
Others (note (b))	108,147	34,637
	2,178,106	337,789

Notes:

- (a) Government subsidy represented unconditional cash payments granted by government authorities and conditional grants related to development of property projects.
- (b) Others mainly include the forfeited deposits from customers.



8. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on:		
Bank and other borrowings	5,883,666	5,094,512
Loans from non-controlling shareholders of subsidiaries	–	118,576
Senior notes and bonds (note 41)	2,296,623	2,076,100
Amount due to a joint venture	27,374	52,471
Other payables	13,417	32,518
Lease liabilities	69,324	77,462
Total borrowing costs	8,290,404	7,451,639
Less: amounts capitalised to properties under development for sale	(7,215,077)	(6,697,978)
amounts capitalised to investment properties under construction	(69,157)	(35,484)
	1,006,170	718,177

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.34% (2019: 7.96%) per annum to expenditure on the qualifying assets.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

9. PROFIT BEFORE TAX

	2020 RMB'000	2019 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Auditors' remuneration	10,180	8,610
Directors' emoluments (note 11)	23,232	34,789
Other staffs' salaries	2,530,320	1,877,293
Other staffs' retirement benefit scheme contributions	132,209	112,364
Other staffs' share-based payments	7,036	4,057
Total staff costs	2,692,797	2,028,503
Less: amounts capitalised to properties under development for sale	(711,702)	(565,462)
	1,981,095	1,463,041
Cost of properties for sale/inventories recognised as an expense	49,629,389	34,696,000
Depreciation of property, plant and equipment	289,332	170,840
Depreciation of right-of-use assets	252,894	168,351
Amortisation of intangible assets (included in administrative expenses)	25,001	1,175
Loss on disposal of property, plant and equipment	79,518	417
Gross rental income in respect of investment properties	(238,825)	(273,011)
Less: direct operating expenses from investment properties that generated rental income during the year	182,227	159,631
	(56,598)	(113,380)



10. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Income tax expense recognised comprises of:		
Current tax:		
PRC		
EIT	5,172,492	3,396,796
Under (over) provision in prior years	3,488	(1,450)
LAT	1,856,366	1,941,866
Other jurisdiction	69,465	99,192
	7,101,811	5,436,404
Deferred tax (note 22)		
PRC	(489,046)	(46,700)
Other jurisdictions	(55,284)	(22,042)
	(544,330)	(68,742)
Income tax expense for the year	6,557,481	5,367,662

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the provisions of Caishui [2011] No.58 and Guoshui [2012] No.12, Chongqing Sui'ao Property Management Services Company Limited and Chongqing Aoyuan Square Commercial Management Company Limited, subsidiaries of the Group and branches of Aoyuan Intelligent Life Services (Guangzhou) Group Company Limited, established in the western region of PRC, enjoy preferential income tax policies for enterprises developing in the western regions in 2020 and 2019, and pay EIT at a reduced rate of 15% for both years. According to the provisions of Guoshuihan [2011] No.5, Hubei Golden Ring New Materials Tech Ltd., a newly acquired subsidiary of the Group, is identified as a qualified high-tech enterprise and enjoys preferential income tax policies at a reduced rate of 15% from 28 November 2017 to 1 December 2023.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

10. INCOME TAX EXPENSE (Continued)

According to the provisions of Caishui [2019] No.13 and Guoshui [2019] No.2, certain subsidiaries of the Group, enjoy preferential income tax policies for the small and low profit enterprises for both years.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries 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 rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Australian tax law, the tax rate used for the year is 30% (2019: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2019: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2020 as there were assessable profits while no tax provision for Canadian profits tax has been made in the consolidated financial statements for 31 December 2020 as there were no assessable profit arises in Canada.



10. INCOME TAX EXPENSE (Continued)

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

	2020 RMB'000	2019 RMB'000
Profit before tax	13,608,527	10,589,492
Tax charge at domestic tax rate of 25%	3,402,132	2,647,373
Tax effect of share of results of joint ventures and associates	54,636	12,642
Tax effect of expenses not deductible for tax purpose	1,516,878	696,344
Tax effect of income not taxable for tax purpose	(515,449)	(12,684)
Tax effect of tax losses not recognised	771,021	451,513
Utilisation of tax losses previously not recognised	(222,338)	(35,040)
LAT provision	1,856,366	1,941,866
Tax effect of LAT	(464,092)	(485,467)
Deferred tax effect of LAT on revaluation of investment properties	51,393	43,265
Effect of different tax rate of subsidiaries operating in other jurisdictions	4,571	14,780
Withholding tax on undistributed profit	120,167	97,000
Differential tax rate on temporary differences of subsidiaries	(21,292)	(2,480)
Under (over) provision in respective of prior years	3,488	(1,450)
Income tax expense for the year	6,557,481	5,367,662



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Performance					Total RMB'000
	Fees RMB'000	Salaries and allowances RMB'000	related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefit RMB'000	
For the year ended 31 December 2020						
Executive directors:						
Guo Zi Wen	-	3,900	435	-	49	4,384
Guo Zi Ning	-	3,900	476	-	33	4,409
Ma Jun	-	3,950	345	-	33	4,328
Chan Ka Yeung	-	4,652	1,834	-	16	6,502
Zhang Jun (appointed on 14 April 2020)	-	2,200	344	-	33	2,577
Independent non-executive directors:						
Tsui King Fai	377	-	-	-	-	377
Cheung Kwok Keung	371	-	-	-	-	371
Hu Jiang	284	-	-	-	-	284
	1,032	18,602	3,434	-	164	23,232



11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefit RMB'000	Total RMB'000
For the year ended 31 December 2019						
Executive directors:						
Guo Zi Wen	-	3,494	539	-	48	4,081
Guo Zi Ning	-	3,432	780	-	32	4,244
Zhong Ping (retired on 15 April 2019)	-	936	320	714	13	1,983
Ma Jun	-	3,508	5,600	1,659	32	10,799
Chan Ka Yeung (appointed on 15 April 2019)	-	4,582	6,658	1,439	11	12,690
Independent non-executive directors:						
Tsui King Fai	358	-	-	-	-	358
Cheung Kwok Keung	352	-	-	-	-	352
Hu Jiang	282	-	-	-	-	282
	992	15,952	13,897	3,812	136	34,789

Note: The performance related bonus is determined as a percentage of the contract sales or amount in offshore financing of the Group for the years ended 31 December 2020 and 2019.

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

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

Mr. Guo Zi Ning is also the Chief Executive of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive.

No directors waive any emolument during the current year or the prior year and none of the directors have received any inducement pay for joining or upon joining the Company.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2019: three) were executive directors and the Chief Executive of the Company whose emoluments are included in the disclosures in this note above. The emoluments of the remaining one (2019: two) individual was as follows:

	2020	2019
	RMB'000	RMB'000
Salaries and allowances	3,952	6,265
Performance related bonus	400	750
Share-based payments	–	2,388
Retirement benefit	33	64
	4,385	9,467

The emoluments were within the following bands:

	2020	2019
	No. of	No. of
	employees	employees
HK\$5,000,001 to HK\$5,500,000 (equivalent to RMB4,208,001 to RMB4,629,000)	1	1
HK\$5,500,001 to HK\$6,000,000 (equivalent to RMB4,629,001 to RMB5,050,000)	–	1

During the year, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.



12. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Dividends, recognised as distribution during the year:		
2019 final dividend of RMB55 cents (2019: 2018 final dividend RMB36 cents) per share	1,479,711	990,794

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend in respect of the year ended 31 December 2020 of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,000 (equivalent to approximately HK\$2,466,733,000), taking into account the 2,695,883,354 ordinary shares in issue at the reporting date, have been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend and special dividend proposed after the end of the reporting period have not been recognised as liabilities in these consolidated financial statements.

13. EARNINGS PER SHARE

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

	2020 RMB'000	2019 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	5,907,550	4,200,780
Adjustment to over-allotment option issued by a subsidiary	–	(28)
Earnings for the purposes of diluted earnings per share	5,907,550	4,200,752
	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,699,502	2,684,558
Effect of dilutive potential ordinary shares:		
– Share options	1,640	5,514
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,701,142	2,690,072



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Building under development/ Construction in progress	Office equipment	Transportation vehicles	Leasehold improvements	Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2019	611,101	862,627	251,084	79,449	269,728	-	2,073,989
Exchange realignment	1,403	-	257	9	124	-	1,793
Additions	20,147	1,026,394	101,953	15,900	121,264	-	1,285,658
Acquisitions of subsidiaries (note 46)	-	-	5,411	1,785	10,405	-	17,601
Transferred	530,521	(530,521)	-	-	-	-	-
Disposal of subsidiaries (note 48)	-	-	(3,046)	(519)	(11,416)	-	(14,981)
Disposals	(6,150)	-	(1,658)	(1,954)	-	-	(9,762)
At 31 December 2019	1,157,022	1,358,500	354,001	94,670	390,105	-	3,354,298
Exchange realignment	(1,381)	-	11	22	50	-	(1,298)
Additions	55,099	230,250	69,298	17,641	107,740	23,992	504,020
Acquisitions of subsidiaries (note 46)	363,612	811,260	19,096	10,105	7,734	211,244	1,423,051
Transferred	735,488	(735,488)	-	-	-	-	-
Disposal of subsidiaries (note 48)	-	-	(55,716)	(4,240)	(77,051)	-	(137,007)
Disposals	(95,526)	-	(22,366)	(9,831)	(16,056)	(20)	(143,799)
At 31 December 2020	2,214,314	1,664,522	364,324	108,367	412,522	235,216	4,999,265
DEPRECIATION AND IMPAIRMENT							
At 1 January 2019	212,241	-	135,564	54,566	97,378	-	499,749
Exchange realignment	268	-	98	1	26	-	393
Provided for the year	44,039	-	75,744	17,318	33,739	-	170,840
Eliminated on disposal of subsidiaries (note 48)	-	-	(195)	(71)	(849)	-	(1,115)
Eliminated on disposals	(174)	-	(657)	(1,181)	-	-	(2,012)
At 31 December 2019	256,374	-	210,554	70,633	130,294	-	667,855
Exchange realignment	(289)	-	(14)	5	(20)	-	(318)
Provided for the year	144,820	-	49,134	8,486	75,210	11,682	289,332
Eliminated on disposal of subsidiaries (note 48)	-	-	(25,207)	(1,062)	(56,032)	-	(82,301)
Eliminated on disposals	(34,933)	-	(19,298)	(8,404)	(1,646)	-	(64,281)
At 31 December 2020	365,972	-	215,169	69,658	147,806	11,682	810,287
CARRYING VALUES							
At 31 December 2020	1,848,342	1,664,522	149,155	38,709	264,716	223,534	4,188,978
At 31 December 2019	900,648	1,358,500	143,447	24,037	259,811	-	2,686,443



14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except building under development/construction in progress, are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	Over the shorter of the relevant lease term or 3%–5% per annum
Office equipment	3 to 5 years
Transportation vehicles	3 to 15 years
Leasehold improvements	Over the shorter of relevant lease term or 3 to 10 years
Plant and machinery	5 to 15 years

As at 31 December 2020, buildings and construction in progress of RMB1,975,802,000 (2019: RMB925,936,000) were pledged for certain banking facilities granted to the Group. All the buildings of the Group are situated on leasehold land in the PRC under medium lease term.

15. RIGHT-OF-USE ASSETS

	Land RMB'000	Buildings RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Total RMB'000
As at 31 December 2020					
Carrying amount	790,676	412,166	699	419,175	1,622,716
As at 31 December 2019					
Carrying amount	432,932	667,724	1,197	450,961	1,552,814
For the year ended 31 December 2020					
Depreciation charge	(24,355)	(193,967)	(1,297)	(33,275)	(252,894)
For the year ended 31 December 2019					
Depreciation charge	(14,955)	(119,842)	(348)	(33,206)	(168,351)

	2020 RMB'000	2019 RMB'000
Expense relating to short-term leases	21,520	71,925
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	25,416	445
Total cash outflow for leases	526,733	388,470
Additions to right-of-use assets	572,627	601,127



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

15. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases various offices and retail stores for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2019: 13 months to 40 years), and do not have extension and termination options. 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 enters into short-term leases for office equipment and transportation vehicles. 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.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2020, right-of-use assets of RMB71,904,000 (2019: RMB189,864,000) were pledged for certain banking facilities granted to the Group.

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 21 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 20% (2019: 3% to 20%) sales and minimum annual lease payment that are fixed over the lease term.



16. INVESTMENT PROPERTIES (Continued)

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 construction RMB'000	Total RMB'000
At 1 January 2019	6,997,373	1,836,120	8,833,493
Acquisitions of subsidiaries (note 46)	213,300	–	213,300
Additions	–	633,129	633,129
Transfer upon completion of construction work	1,315,744	(1,315,744)	–
Disposals	(42,959)	–	(42,959)
Transfer from properties for sale (note)	41,500	–	41,500
Net change in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	203,831	190,081	393,912
At 31 December 2019	8,728,789	1,343,586	10,072,375
Acquisitions of subsidiaries (note 46)	1,120,554	–	1,120,554
Additions	–	722,071	722,071
Transfer upon completion of construction work	692,113	(692,113)	–
Disposals	(55,882)	–	(55,882)
Disposal of subsidiaries (note 48)	(975,200)	(16,211)	(991,411)
Transfer from properties for sale (note)	368,900	969,560	1,338,460
Transfer from right-of-use assets (note 15)	–	84,918	84,918
Net change in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	34,993	82,461	117,454
At 31 December 2020	9,914,267	2,494,272	12,408,539

Note: During the year ended 31 December 2020, the inception of the operating lease to outsiders for certain properties and a change in use to develop for certain properties to earn rental rather than for sale have resulted in a transfer from completed properties/properties under development to investment properties. On the date of reclassification, the gain of RMB162,046,000 (2019: RMB3,392,000) between the fair value of the properties and its carrying amount is recognised in profit or loss.

All of the Group's property interests held under 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.

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



Notes to the Consolidated Financial Statements (continued)

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16. INVESTMENT PROPERTIES (Continued)

At 31 December 2020, investment properties of RMB3,931,825,000 (2019: RMB4,809,375,000) were pledged to secure certain banking facilities granted to the Group.

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified external valuer which is not connected with the Group. The fair values of the investment properties were determined by the qualified external valuer on the following basis:

- Completed investment properties – by reference to capitalised income to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions
- Investment properties under construction – by reference to the current or recent prices of investment properties under construction and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation

The following tables give information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.



16. INVESTMENT PROPERTIES (Continued)

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

At 31 December 2020

Investment properties held by the Group	Fair value RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range (weighted average)	Sensitivity
Completed investment properties, including retail shops and commercial buildings	9,802,087	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	<ol style="list-style-type: none"> 1. Term yield (the higher the term yield, the lower the fair value) 2. Reversionary yield (the higher the reversionary yield, the lower the fair value) 3. Unit rent (RMB/sqm/month) (the higher the unit rent, the higher the fair value) 	2.5%–6.0% 3.0%–6.5% 6–253	A slight increase in term yield would not result in significant decrease in fair value, and vice versa. A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa. A significant increase/decrease in unit rent would not result in significant increase/decrease in fair value.
Completed investment properties, including retail shops and office	112,180	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location and level	N/A	N/A



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

16. INVESTMENT PROPERTIES (Continued)

At 31 December 2020 (Continued)

Investment properties held by the Group	Fair value RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range (weighted average)	Sensitivity
Investment properties under construction, including retail shops and commercial buildings	2,372,542	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	<ol style="list-style-type: none"> Gross development value (RMB'000) on completion basis (the higher the gross development value, the higher the fair value) Developer's profit (the higher the developer's profit, the lower the fair value) Marketing costs (the higher the marketing costs, the lower the fair value) Construction costs to completion (the higher the future construction costs for completion, the lower the fair value) 	156,900–749,500 8%–15% 4% 8,435,000–389,970,000	<p>A significant increase/decrease in gross development value would result in significant increase/decrease in fair value.</p> <p>A significant increase in developer's profit would not result in significant decrease in fair value, and vice versa.</p> <p>A slight increase in marketing costs would not result in significant decrease in fair value, and vice versa.</p> <p>A significant increase in construction costs to completion would not result in significant decrease in fair value, and vice versa.</p>
Investment properties under construction, including undeveloped land for retail shops and commercial buildings	121,730	Level 3	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm) (the higher the land price, the higher the fair value)	1,900 – 7,475	A significant increase/decrease in comparable land price would result in significant increase/decrease in fair value.
Total	12,408,539					



16. INVESTMENT PROPERTIES (Continued)

At 31 December 2019

Investment properties held by the Group	Fair value RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range (weighted average)	Sensitivity
Completed investment properties, including retail shops and commercial buildings	8,617,129	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	<ol style="list-style-type: none"> Term yield (the higher the term yield, the lower the fair value) Reversionary yield (the higher the reversionary yield, the lower the fair value) Unit rent (RMB/sqm/month) (the higher the unit rent, the higher the fair value) 	2.5%– 6.0% 3.0%–6.5% 11–308	A slight increase in term yield would not result in significant decrease in fair value, and vice versa. A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa. A significant increase/decrease in unit rent would not result in significant increase/decrease in fair value.
Completed investment properties, including retail shops and office	111,660	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location and level	N/A	N/A



17. GOODWILL

	RMB'000
COST AND CARRYING AMOUNTS	
At 1 January 2019 and 31 December 2019	3,491
Acquisitions of subsidiaries (note 46)	<u>684,653</u>
At 31 December 2020	<u>688,144</u>

During the year ended 31 December 2020, the Group acquired Aoyuan Beauty Valley, from independent third parties, which is engaged in property development and chemical fiber products manufacturing in the PRC.

In addition, the Group acquired 寧波宏建物業服務有限公司 Ningbo Hongjian Management Services Co., Ltd ("Ningbo Hongjian") and 樂生活智慧社區服務集團股份有限公司 Easy Life Smart Community Services Group Co., Ltd ("Easy Life") from independent third parties, which is engaged in providing property management services in Ningbo, Zhejiang Province, the PRC and in Beijing, the PRC, respectively.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGUs") – (i) property management services and (ii) chemical fibre products manufacturing that are expected to benefit from those business combinations.

For the purposes of impairment testing, goodwill as detailed above has been allocated to the subsidiaries as individual CGU from which goodwill arose. The carrying amount of goodwill as at 31 December 2020 and 2019 allocated these units are as followed.

	2020 RMB'000	2019 RMB'000
Cost:		
– Anhui Hanlin Property Services Company Limited ("Anhui Hanlin")	1,602	1,602
– Shenzhen Huazhong Property Management Company Limited ("Shenzhen Huazhong")	1,889	1,889
– Aoyuan Beauty Valley	462,026	–
– Easy Life	197,577	–
– Ningbo Hongjian	25,050	–
	<u>688,144</u>	<u>3,491</u>



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

17. GOODWILL (Continued)

The goodwill represented the excess of the consideration paid over the identifiable assets acquired and liabilities assumed, in relation to the acquisition of the issued share capital of certain subsidiaries.

Management of the Company allocated goodwill to individual cash generating unit of above businesses for the purpose of impairment testing. The recoverable amount of cash-generating unit of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management. The growth rate used to extrapolate the cash flows beyond the five-year period was 0% for both Anhui Hanlin and Shenzhen Huazhong, 2% for both Ningbo Hongjian and Easy Life while and 3% for Aoyuan Beauty Valley. The growth rate does not exceed long-term average growth rate for the business in which the cash-generating unit operates.

The key assumptions are based upon the discount rates, budgeted profit margins and revenues during the forecast period. The key assumptions on which management based its cash flow projections for the value in use are as follows:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. For properties management services, revenue is based on the existing charge rates and revenue-bearing gross floor area ("GFA") of the properties expected to be delivered during the budget period. For chemical fiber products manufacturing, revenue is based on the historical revenue with existing production capacity of the Group.
Gross profit margin	The gross profit margin of these business were assumed to be approximately 23.28%, 18.57%, 31.29%, 18.50% and 20% (2019: 15.89%, 16.60%, N/A, N/A and N/A) of the revenue of Anhui Hanlin, Shenzhen Huazhong, Ningbo Hongjian, Easy Life and Aoyuan Beauty Valley respectively.
Discount rates	The discount rates used are before tax and reflect specific risks relating to the relevant units. The discount rate applied to cash flow projections in relation to properties management services was approximately from 17.51% to 18.37% (2019: from 17.79% to 18.37%) and Aoyuan Beauty Valley was 12.73% (2019: N/A).

For the estimation of the property management services fee rate and the long term growth rate, management of the Company has taken the growth of relevant industries and the global economy as a whole.

The recoverable amounts of the CGU of Anhui Hanlin, Shenzhen Huazhong, Ningbo Hongjian, Easy Life and Aoyuan Beauty Valley, calculated based on value in use exceeded carrying value by approximately RMB12,378,000, RMB14,102,000, RMB2,144,000, RMB3,289,000 and RMB6,838,000 (2019: RMB6,996,000, RMB9,096,000, N/A, N/A and N/A), respectively as at 31 December 2020.

As at 31 December 2020 and 2019, the management of the Company are of the opinion that, based on the value in use prepared in accordance with the above key assumptions, no impairment loss provision against the goodwill allocated to these CGUs is considered necessary.



18. INTANGIBLE ASSETS

	License for parallel-import of vehicle RMB'000	Property management contracts RMB'000	Patent RMB'000	Customer relationship RMB'000	Total RMB'000
COST					
At 1 January 2019	990	4,493	-	-	5,483
Arising on acquisitions of subsidiaries (note 46)	-	2,365	-	-	2,365
Disposal of subsidiaries (note 48(a))	(990)	-	-	-	(990)
At 31 December 2019	-	6,858	-	-	6,858
Arising on acquisitions of subsidiaries (note 46)	-	76,031	102,641	124,047	302,719
At 31 December 2020	-	82,889	102,641	124,047	309,577
AMORTISATION					
At 1 January 2019	421	1,462	-	-	1,883
Charge for the year	99	1,076	-	-	1,175
Elimination on disposal of subsidiaries (note 48(a))	(520)	-	-	-	(520)
At 31 December 2019	-	2,538	-	-	2,538
Charge for the year	-	5,058	10,177	9,766	25,001
At 31 December 2020	-	7,596	10,177	9,766	27,539
CARRYING VALUES					
At 31 December 2020	-	75,293	92,464	114,281	282,038
At 31 December 2019	-	4,320	-	-	4,320

The license for parallel-import of vehicle is amortised on a straight-line basis over a term of five years based on the management of the Company's best estimate.

The intangible assets in relation to property management contracts have finite useful lives and are amortised on a straight-line basis over the remaining term ranging from two to ten years (2019: five years).

The intangible assets in relation to patent and customer relationship of chemical fiber products manufacturing is amortised on a straight-line basis over a term of five years based on the management of the Company's best estimate.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

19. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Unlisted cost of investment	7,057,307	4,435,808
Share of post acquisition loss	(347,890)	(155,020)
Unrealised profit (note)	26,466	(424)
	6,735,883	4,280,364

Note: The unrealised profit related to the Group's attributable interest income from the amounts due from Zhuzhou Jinye Property Development Company Limited and the Group's interest expenses arising from the amount due to Guangdong Jinao Commercial Factoring Company Limited. Such interest expenses were capitalised in corresponding properties for sale and certain of these properties were not sold as at 31 December 2020 and 2019.

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Place of establishment/ principal place of operation	Proportion of registered capital/ voting rights held by the Group		Registered capital		Principal activity
		2020	2019	2020	2019	
				RMB'000	RMB'000	
福建世紀坤源投資有限公司 Fujian Century Kunyuan Investment Company Limited ("Fujian Century") and 福州市長樂區萬 樂房地產有限公司 Fuzhou Changle District Wanle Property Company Limited ("Fuzhou Wanle") (Note a)	PRC	51%	51%	600,000	600,000	Property development
青島海唐置業有限公司 Qingdao Haitang Real Estate Co., Ltd ("Qingdao Haitang") (Note b)	PRC	50%	50%	5,000	5,000	Property development
成都奧騰置業有限公司 Chengdu Aoteng Real Estate Co., Ltd ("Chengdu Aoteng") (Note d)	PRC	49%	N/A	330,000	330,000	Property development
廣州市嘉利倉碼有限公司 Guangzhou Jiali Cang Yard Co., Ltd ("Guangzhou Jiali") (Notes c and d)	PRC	60%	N/A	450,000	450,000	Property development



19. INTERESTS IN JOINT VENTURES (Continued)

Notes:

- (a) According to the Articles of Association of Fujian Century and Fuzhou Wanle, the Group has power to appoint two out of three directors in the board of Fujian Century and Fuzhou Wanle, and the boards of directors are responsible for all operating and financing decisions of Fujian Century and Fuzhou Wanle. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Fujian Century and Fuzhou Wanle. Therefore, Fujian Century and Fuzhou Wanle are accounted for as joint ventures of the Group.
- (b) According to the Articles of Association of Qingdao Haitang, the Group has power to appoint three out of five directors in the board of Qingdao Haitang, and the boards of directors are responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.
- (c) According to the Articles of Association of Guangzhou Jiali, the Group has power to appoint two out of three directors in the board of Guangzhou Jiali, and the boards of directors are responsible for all operating and financing decisions of Guangzhou Jiali. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangzhou Jiali. Therefore, Guangzhou Jiali is accounted for as a joint venture of the Group.
- (d) These joint ventures were newly acquired by the Group during the year.

The summarised financial information in report of the Group's interests in joint ventures are set out below:

Fujian Century & Fuzhou Wanle

	2020 RMB'000	2019 RMB'000
Current assets	1,058,506	3,859,659
Non-current assets	380,595	600
Current liabilities	499,430	3,303,853
Profit (loss) and total comprehensive income (expense) for the year	383,265	(7,490)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fujian Century & Fuzhou Wanle recognised in the consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Net assets of Fujian Century & Fuzhou Wanle	939,671	556,406
Proportion of the Group's ownership interest	51%	51%
Carrying amount of the Group's interest	479,232	283,768



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

19. INTERESTS IN JOINT VENTURES (Continued)

Qingdao Haitang

	2020 RMB'000	2019 RMB'000
Current assets	4,907,863	5,455,609
Non-current assets	8	–
Current liabilities	3,247,180	2,230,609
Non-current liabilities	271,350	2,000,000
Profit and total comprehensive income for the year	119,341	–

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

	2020 RMB'000	2019 RMB'000
Net assets of Qingdao Haitang	1,389,341	1,225,000
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	694,671	612,500

Chengdu Aoteng

	2020 RMB'000
Current assets	2,132,896
Non-current assets	4,541
Current liabilities	98,159
Non-current liabilities	441
Loss and total comprehensive expense for the year	(1,713)

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

	2020 RMB'000
Net assets of Chengdu Aoteng	2,038,837
Proportion of the Group's ownership interest	49%
Carrying amount of the Group's interest	999,030



19. INTERESTS IN JOINT VENTURES (Continued)

Guangzhou Jiali

	2020 RMB'000
Current assets	2,229,922
Non-current assets	9,705
Current liabilities	112,442
Non-current liabilities	1,350,554
Loss and total comprehensive expense for the year	(23,370)

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

	2020 RMB'000
Net assets of Guangzhou Jiali	776,631
Proportion of the Group's ownership interest	60%
Carrying amount of the Group's interest	465,979

Aggregate information of joint ventures that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of loss and total comprehensive expense	(469,350)	(41,415)

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	4,096,971	3,384,096



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

20. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of investment in associates	4,005,004	1,591,717
Share of post acquisition profit (loss)	3,330	(7,201)
	4,008,334	1,584,516

Details of the Group's associates as at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ principal place of operation	Attributable interest indirectly held by the Group		Registered capital		Principal activity
		2020	2019	2020 (‘000)	2019 (‘000)	
寧波凱銘置業有限公司及永康凱濱 置業有限公司 Ningbo Kaiming Real Estate Co., Ltd (“Ningbo Kaiming”) and Yongkang Kaibin Real Estate Co., Ltd (“Yongkang Kaibin”)	PRC	49%	49%	RMB162,000	RMB162,000	Property development
嘉善裕軒房地產開發有限公司 Jiashan Yuxuan Property Development Limited (“Jiashan Yuxuan”)	PRC	49%	49%	RMB234,000	RMB234,000	Property development
廣東宏奧土地經營有限公司及 廣州市盈合包裝有限公司 Guangdong Hongao Land Operation Company Limited (“Guangdong Hongao”) and Guanghou Yinghe Packing Company Limited (“Yinghe Packing”)	PRC	49%	49%	RMB100,000	RMB100,000	Property development
河北天同奧園房地產開發有限公司 Hebei Tiantong Aoyuan Property Development Limited (“Hebei Tiantong”)	PRC	30%	30%	RMB100,000	RMB100,000	Property development



20. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's interests in associates are set out below:

<i>Ningbo Kaiming & Yongkang Kaibin</i>	2020 RMB'000	2019 RMB'000
Current assets	468,460	533,850
Non-current assets	14	21
Current liabilities	316,755	373,432
Loss and total comprehensive expense for the year	(8,720)	(1,562)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningbo Kaiming & Yongkang Kaibin recognised in the consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Net assets of Ningbo Kaiming & Yongkang Kaibin	151,719	160,439
Proportion of the Group's ownership interest	49%	49%
Carrying amount of the Group's interest	74,342	78,615

<i>Jiashan Yuxuan</i>	2020 RMB'000	2019 RMB'000
Current assets	1,990,422	1,000,806
Current liabilities	989,841	220,882
Non-current liabilities	225,435	–
Loss and total comprehensive expense for the year	(4,778)	(20,076)



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

20. INTERESTS IN ASSOCIATES (Continued)

Jiashan Yuxuan (Continued)

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

	2020	2019
	RMB'000	RMB'000
Net assets of Jiashan Yuxuan	775,146	779,924
Proportion of the Group's ownership interest	49%	49%
Carrying amount of the Group's interest	379,822	382,163

Guangdong Hongao & Yinghe Packing

	2020	2019
	RMB'000	RMB'000
Current assets	61,858	207,761
Non-current assets	17,298	20,880
Current liabilities	19,321	163,482
Non-controlling interest of Guangdong Hongao	(4,719)	(2,675)
Loss and total comprehensive expense for the year attributable to owners of Guangdong Hongao	(3,280)	(28,977)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangdong Hongao & Yinghe Packing recognised in the consolidated financial statements:

	2020	2019
	RMB'000	RMB'000
Net assets of Guangdong Hongao & Yinghe Packing	64,554	67,834
Proportion of the Group's ownership interest	49%	49%
Carrying amount of the Group's interest	31,631	33,239

Hebei Tiantong

	2020	2019
	RMB'000	RMB'000
Current assets	256,038	97,562
Non-current assets	14	24
Current liabilities	159,410	80
Loss and total comprehensive expense for the year	(864)	(1,470)



20. INTERESTS IN ASSOCIATES (Continued)

Hebei Tiantong (Continued)

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

	2020	2019
	RMB'000	RMB'000
Net assets of Hebei Tiantong	96,642	97,506
Proportion of the Group's ownership interest	30%	30%
Carrying amount of the Group's interest	28,993	29,252

Aggregate information of associates that are not individually material

	2020	2019
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income	19,011	19,910

	2020	2019
	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests in these associates	3,493,546	1,061,247

21. EQUITY INSTRUMENTS AT FVTPL AND EQUITY INSTRUMENTS AT FVTOCI

(i) Equity instruments at FVTPL:

	2020	2019
	RMB'000	RMB'000
Unlisted equity instruments	249,784	–



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

21. EQUITY INSTRUMENTS AT FVTPL AND EQUITY INSTRUMENTS AT FVTOCI (Continued)

(ii) Equity instruments at FVTOCI:

	2020 RMB'000	2019 RMB'000
Listed equity investments:		
– Equity securities listed on the Shanghai Stock Exchange	115,997	99,997
– Equity securities listed on the Shenzhen Stock Exchange	50,400	–
Unlisted equity investments	462,120	145,780
	628,517	245,777

The above equity investments represent the Group's equity interest in entities established in the PRC and Hong Kong. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

22. DEFERRED TAXATION

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:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	(1,636,606)	(998,444)
Deferred tax liabilities	1,959,942	1,441,881
	323,336	443,437



22. DEFERRED TAXATION (Continued)

The deferred tax (assets) liabilities recognised by the Group and movements thereon during the year are as follows:

	Change in fair value of investment properties RMB'000	Revaluation of properties RMB'000	Tax losses RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Temporary differences of LAT payables RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2019	1,223,382	33,671	(644,858)	27,419	(169,676)	37,186	507,124
Acquisitions of subsidiaries (note 46)	(10,223)	-	-	-	-	6,539	(3,684)
Disposal of subsidiaries (note 48)	-	-	8,739	-	-	-	8,739
Charge (credit) to profit or loss for the year (note 10)	142,591	-	(306,917)	97,000	372,560	(373,976)	(68,742)
At 31 December 2019	1,355,750	33,671	(943,036)	124,419	202,884	(330,251)	443,437
Acquisitions of subsidiaries (note 46)	155,628	380,976	(16,609)	-	-	45,657	565,652
Disposal of subsidiaries (note 48)	(182,256)	-	34,343	-	-	-	(147,913)
Charge to other comprehensive income	-	-	-	-	-	6,490	6,490
Charge (credit) to profit or loss for the year (note 10)	121,268	(79,755)	(312,501)	120,167	(23,309)	(370,200)	(544,330)
At 31 December 2020	1,450,390	334,892	(1,237,803)	244,586	179,575	(648,304)	323,336



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

22. DEFERRED TAXATION (Continued)

As at 31 December 2020, the Group had unused tax losses of RMB10,620,818,000 (2019: RMB7,052,212,000) available to offset against future profits. A deferred tax asset has been recognised in respect of RMB4,951,215,000 (2019: RMB3,772,146,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB5,669,603,000 (2019: RMB3,280,066,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2020 RMB'000	2019 RMB'000
2020	–	119,168
2021	136,025	171,870
2022	216,343	314,670
2023	690,457	868,308
2024	1,362,856	1,806,050
2025	3,263,922	–
	5,669,603	3,280,066

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the year ended 31 December 2020, deferred taxation amounting to RMB120,167,000 (2019: RMB97,000,000) has been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB37,384,529,000 (2019: RMB23,821,458,000).



23. DEPOSITS PAID FOR ACQUISITIONS OF SUBSIDIARIES

	Notes	2020 RMB'000	2019 RMB'000
珠海市正新投資有限公司	(a)	81,600	81,600
東莞市龍榮房地產有限公司	(b)	—	37,205
陽江市江城區恒譽房地產開發有限公司	(b)	—	10,000
廣東譽勝實業投資有限公司	(b)	—	28,500
東莞華譽房地產開發有限公司	(b)	—	11,500
高安市瑞興投資發展有限公司	(c)	—	797,500
鹽城和融房地產開發有限公司	(c)	—	319,496
廣東繁星置業投資有限公司	(c)	—	116,410
江門市逸華投資有限公司	(c)	—	1,500
揚州中城同進房地產有限公司	(c)	—	1,341,675
溫州市垠澤置業有限公司	(c)	—	21,848
宿州新城金悅房地產開發有限公司	(c)	—	448,762
廣州旺園實業投資有限公司	(d)	—	452,760
珠海市新深珠房產置業有限公司	(e)	—	84,246
湛江恒興水產科技有限公司	(e)	—	357,306
		81,600	4,110,308

Notes:

- (a) The balance represents deposit paid for acquisition of subsidiary which has not yet been completed at the end of reporting period.
- (b) As the Group has cancelled the transactions or the entity did not meet the acquisition conditions, the acquisitions were not completed and the balance of deposits have been refunded during the year ended 31 December 2020.
- (c) The Group has completed aforesaid acquisitions of subsidiaries during the year ended 31 December 2020. Details of aforesaid acquisitions are set out in note 46.
- (d) As at 31 December 2019, 廣州科旺投資有限公司, a subsidiary of the Company had a deposit paid for acquisition of 廣州旺園實業投資有限公司. 廣州科旺投資有限公司 was disposed of during the year ended 31 December 2020. Details of aforesaid disposal is set out in note 48(a).
- (e) The entity has subsequently been acquired as a joint venture based on the supplementary sale and purchase agreements.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

24. DEPOSITS PAID FOR ACQUISITIONS OF JOINT VENTURES

As at 31 December 2020, the Group has made deposit of RMB790,460,000 (2019: nil) in relation to the acquisition of a joint venture 中垠地產有限公司 Zhongyin Property Co., Ltd. from an independent third party.

As at 31 December 2020, the Group has made deposit of RMB87,151,000 (2019: RMB44,377,000) in relation to the acquisition of a joint venture 奧維房地產發展投資有限公司 Aowei Property Development Investment Co., Ltd. from an independent third party.

25. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDER OF SUBSIDIARIES – NON-CURRENT

The balance as at 31 December 2020 represents an amount due from 廣西慶達房地產有限公司 Guangxi Qingda Real Estate Co., Ltd of RMB27,000,000 (2019: RMB27,000,000) with an interest rate of 5.7% per annum and will be due on 28 June 2022.

26. AMOUNTS DUE FROM JOINT VENTURES – NON-CURRENT

The balances are unsecured, interest-free and used for the joint ventures' properties development, and are not expected to be repaid within one year.



27. PROPERTIES FOR SALE

	2020 RMB'000	2019 RMB'000
Properties for sale comprise of:		
Completed properties	35,440,720	25,092,375
Properties under development	122,839,992	133,839,106
	158,280,712	158,931,481
		RMB'000
Analysis of leasehold lands:		
As at 31 December 2020		
Carrying amount		60,621,687
As at 31 December 2019		
Carrying amount		68,749,456
For the year ended 31 December 2020		
Total cash outflow		6,453,036
Additions		6,451,336
For the year ended 31 December 2019		
Total cash outflow		31,826,480
Additions		32,449,713

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2020.

During the year ended 31 December 2020, completed properties with an aggregate carrying amount of RMB337,751,000 (2019: RMB38,108,000) and properties under development with an aggregate carrying amount of RMB838,663,000 (2019: nil) were transferred to investment properties by inception of relevant tenancy agreements and a change in use. The difference of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB162,046,000 (2019: RMB3,392,000) were recognised in profit or loss.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

27. PROPERTIES FOR SALE (Continued)

At 31 December 2020, certain of the Group's properties for sale with carrying value of RMB45,131,432,000 (2019: RMB45,056,061,000) were pledged for certain facilities granted to the Group by banks and other financial institutes.

28. TRADE AND OTHER RECEIVABLES

	Notes	2020 RMB'000	2019 RMB'000
Trade receivables	(a)	2,376,794	916,937
Less: Allowance for credit losses		(39,980)	(8,721)
		2,336,814	908,216
Rental receivables	(b)	43,960	54,030
Other receivables	(c)	12,474,548	11,618,829
Security deposits		1,353,648	2,475,112
Less: Allowance for credit losses		(198,554)	(107,337)
		13,629,642	13,986,604
Contract assets		77,540	–
Contract costs	(d)	564,413	637,195
Advances to constructors and suppliers		4,436,573	3,440,030
Deposits paid for potential purchases of land use rights and property projects		3,862,580	3,621,624
Other tax prepayments		4,475,219	3,919,761
		29,426,741	26,567,460
Analysis for reporting purpose:			
Non-current assets		259,433	308,596
Current assets		29,167,308	26,258,864
		29,426,741	26,567,460

As at 1 January 2019, trade receivables from contracts with customers and contract assets amounted to RMB532,313,000 and nil respectively.



28. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Property management services fee is received in accordance with the terms of the relevant property service agreements, normally within 60 days after the issuance of demand note to the property owners. Each property owner from the property management services has a designated credit limit.

Payments terms with wholesale customer for purchases of goods are mainly on credit. The wholesale customers are allowed a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of trade receivables, determined based on the date of the properties delivered and sales were recognised:

	2020 RMB'000	2019 RMB'000
0 to 60 days	1,735,473	502,909
61 to 180 days	102,268	71,980
181 to 365 days	109,460	226,764
1 to 2 years	352,412	63,870
2 to 3 years	34,828	8,326
Over 3 years	42,353	43,088
	2,376,794	916,937

As at 31 December 2020, trade receivables amounting to RMB641,321,000 (2019: RMB414,028,000) that were past due. Out of the past due balances, RMB574,607,000 (2019: RMB338,192,000) has been past due for 90 days or more and is not considered as in default as those balances are mainly those banks with good quality and pending for completing their mortgage procedures.

- (b) Rental receivables from tenants are payable on presentation of demand notes.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

28. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) As at 31 December 2020, the balance mainly includes following significant amounts:

- (i) Balances of RMB196,232,000 (2019: RMB268,596,000) paid to independent third parties for the redevelopment projects located in Guangxi province. The reconstruction will take more than one year to complete. The balance of receivables would be fully refunded or refunded with interest subject to the condition if the Group could bid the auction on the parcel of land after completion of reconstruction.
- (ii) An amount of RMB684,972,000 (2019: RMB938,000,000) represents deposit paid to an independent third party for a short term borrowing. The amount has been fully funded after the borrowing is repaid subsequently.
- (iii) Balances of RMB3,862,579,000 (2019: RMB4,135,625,000) represent temporary payments made for potential property projects.

The remaining balance of other receivables mainly comprise receivable of refund of the deposit for land auction and other temporary payments.

(d) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2020 are set out in note 45.

29. DEPOSITS PAID FOR ACQUISITIONS OF LAND USE RIGHTS AND PROPERTY PROJECTS

As at 31 December 2019, the Group has made deposits of RMB266,454,000 in relation to the acquisitions of several parcels of land and property projects from governments and third parties. These acquisitions have been completed during the year ended 31 December 2020.



30. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES – CURRENT

Included in the balances of amounts due from non-controlling shareholders of subsidiaries as at 31 December 2020, are (i) an amount due from 廣東加利申房地產開發集團有限公司 Guangdong Jialishen Property Development Group Co., Ltd of RMB172,800,000 with an interest rate of 13% per annum, and RMB10,000,000 with an interest rate of 12.88% per annum, and is repayable on demand; (ii) an amount due from 珠海信正集團有限公司 Zhuhai Xinzheng Group Co., Ltd. of RMB50,000,000 with an interest rate of 11.96% per annum, which is repayable on demand; (iii) an amount due from 廣西瀚德集團有限公司 Guangxi Hande Group Co., Ltd. of RMB79,202,000 with an interest rate of 4.8% per annum, which is repayable on demand; (iv) an amount due from 曹演芬 Cao Yanfen of RMB75,000,000 with an interest rate of 8% per annum, which is repayable on demand; (v) an amount due from 珠海市華建新宇投資管理有限公司 Zhuhai Huajian Xinyu Investment Management Co., Ltd. of RMB40,000,000 with an interest rate of 15% per annum, which is repayable on demand; (vi) an amount due from 劉學文 Liu Xuewen of RMB95,000,000 with an interest rate of 10% per annum and will be repayable on demand; (vii) an amount due from 青島盛世嘉業商業發展有限公司 Qingdao Shengshi Jiaye Business Development Co., Ltd of RMB50,000,000 (2019: RMB50,000,000) with an interest rate of 10% per annum and will be due on 23 January 2021; (viii) an amount due from 西安嘉宏華商務資訊諮詢有限公司 Xi'an Jiahonghua Business Information Consulting Co., Ltd of RMB286,920,000 (2019: RMB286,920,000) with an interest rate of 12.4% per annum, included in which RMB86,920,000, RMB100,000,000 and RMB100,000,000 will be due on 15 July 2021, 20 August 2021, and 12 September 2021 respectively, depending on when the amounts were released, and an amount due from 西安嘉宏華商務資訊諮詢有限公司 Xi'an Jiahonghua Business Information Consulting Co., Ltd of RMB100,000,000 and RMB99,925,000 with an interest rate of 13% per annum, which will be due on 16 June 2021 and 29 May 2021 respectively.

Included in the balances of amounts due from non-controlling shareholders of subsidiaries as at 31 December 2019, are (i) an amount due from 廣東加利申房地產開發集團有限公司 Guangdong Jialishen Property Development Group Co., Ltd of RMB172,800,000 with an interest rate of 13% per annum, and RMB10,000,000 with an interest rate of 12.88% per annum, and will be due on 31 December 2020; (ii) an amount due from 珠海信正集團有限公司 Zhuhai Xinzheng Group Co., Ltd. of RMB50,000,000 with an interest rate of 11.96% per annum, which will be due on 28 December 2020; (iii) an amount due from 廣西瀚德集團有限公司 Guangxi Hande Group Co., Ltd. of RMB120,000,000 with an interest rate of 4.8% per annum, which is repayable on demand; (iv) an amount due from 曹演芬 Cao Yanfen of RMB75,000,000 with an interest rate of 8% per annum, which is repayable on demand; (v) an amount due from 珠海市華建新宇投資管理有限公司 Zhuhai Huajian Xinyu Investment Management Co., Ltd. of RMB40,000,000 with an interest rate of 15% per annum, which is repayable on demand; (vi) an amount due from 劉學文 Liu Xuewen of RMB50,000,000 with an interest rate of 10% per annum and will be due on 25 June 2020.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

30. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES – CURRENT (Continued)

The remaining balances of amounts due from non-controlling shareholders of subsidiaries and amounts due to non-controlling shareholders of subsidiaries at 31 December 2019 and 2020 are unsecured, interest-free and repayable on demand. In the opinion of the management of the Company, it is expected to receive the amounts due from non-controlling shareholders of subsidiaries within twelve months from the end of the reporting period, and therefore the amounts are classified as current assets.

31. AMOUNTS DUE FROM JOINT VENTURES – CURRENT

Included in the balances of amounts due from joint ventures as at 31 December 2020, is an amount due from 青島海唐置業有限公司 Qingdao Haitang Property Development Co., Ltd of RMB105,620,000 (2019: RMB105,620,000) with an interest rate of 12% per annum and repayable on demand.

The remaining balances of amounts due from joint ventures as at 31 December 2019 and 2020 are unsecured, interest-free and repayable on demand. In the opinion of the management of the Company, the Group is expected to receive the balance of amounts due from joint ventures within twelve months from the end of the reporting period, and therefore the amounts are classified as current assets.

32. AMOUNTS DUE FROM/TO ASSOCIATES

Included in the balances of amounts due from associates as at 31 December 2020 are an amount due from 阜陽百俊房地產有限公司 Fuyang Baijun Real Estate Co., Ltd of RMB164,459,000 (2019: RMB128,199,000) with an interest rate of 8% per annum and is repayable on demand.

The remaining balances of amounts due from/to associates as at 31 December 2019 and 2020 are unsecured, interest-free and repayable on demand. In the opinion of the management of the Company, the Group is expected to receive the balances of amounts due from associates within twelve months from the end of the reporting period, and therefore the amounts are classified as current assets.



33. FINANCIAL ASSETS AT FVTPL/STRUCTURED DEPOSITS

Financial assets at FVTPL are mainly funds investment issued by a reputable securities corporation and equities securities listed in Shanghai. The fair value of the funds investment at 31 December 2019 and 2020 were determined by discounted cash flow, which arrived at by reference to the performance of the underlying investments mainly comprising debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The fair value of the equities securities at 31 December 2020 was arrived by reference to the quoted price based on Shanghai Stock Exchanges at the end of the reporting period.

As at 31 December 2019, structured deposits represent products issued by the banks which pay interest rates (i) which has an inverse relationship to the market interest rate and (ii) which linked to the fluctuation of foreign exchange rate. These structured deposits do not meet the solely payments of principal and interest on the principal amount outstanding and therefore are classified as financial asset at FVTPL. Details of fair value measurement of financial assets at FVTPL and structured deposits are set out in note 45(c).

As at 31 December 2020, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with the financial assets at FVTPL and structured deposits. Accordingly, the carrying amounts of financial assets at FVTPL and structured deposits represent the maximum exposure to credit risk at 31 December 2020.

34. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2020, the balances represent deposits amounting to RMB15,542,317,000 (2019: RMB8,710,791,000) pledged for short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.3% to 3.00% (2019: 0.3% to 3.35%) per annum and construction securities amounting to RMB1,979,516,000 (2019: RMB601,999,000).

Bank balances and cash

Amount as at 31 December 2020 included bank deposits amounting to RMB17,575,663,000 (2019: RMB11,938,136,000) with an original maturity of over three months. The remaining deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB7,957,708,000 (2019: RMB9,176,762,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.30% to 4.10% (2019: 0.30% to 4.18%) per annum.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

35. TRADE AND OTHER PAYABLES

	Notes	2020 RMB'000	2019 RMB'000
Trade payables	(a)	21,561,115	18,074,095
Other payables		7,541,233	5,185,100
Project consideration payables	(b)	2,216,739	3,440,341
Acquisition consideration payables (note 46(a))		1,926,608	2,286,898
Other taxes payables		1,750,558	785,095
Value-added tax payable		5,560,835	7,066,153
		40,557,088	36,837,682

Notes:

(a) The following is an aging analysis of trade payables determined based on the invoice date:

	2020 RMB'000	2019 RMB'000
0 to 60 days	5,815,802	9,522,774
61 to 180 days	11,872,061	6,174,922
181 to 365 days	1,229,812	982,462
1 to 2 years	1,644,273	416,058
2 to 3 years	602,180	362,979
Over 3 years	396,987	614,900
	21,561,115	18,074,095

At 31 December 2020, the balance of trade payables with age over 1 year include retention money payable of RMB576,003,000 (2019: RMB666,640,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year. The management closely monitors the payments of the payable to ensure that all payables are paid within the credit timeframe. Details of the financial risk management policies by the Group are set out in note 45.



35. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(b) Project consideration payables mainly include:

- (i) As at 31 December 2019, current other payable amounting to RMB534,210,000 represents consideration payable arising from acquisition of two parcels of land in Canada from an independent third party, which is secured by the land acquired, carrying interest at Canadian Imperial Bank of Commerce Prime Rate plus 2.3% per annum. As at 31 December 2020, the balance has been fully paid.
- (ii) Total outstanding consideration payable of RMB2,216,739,000 (2019: RMB2,906,131,000) represents project consideration payables arising from several property development projects situated in various cities of PRC. Included in the balance, amount of RMB889,238,000 (2019: RMB889,238,000) related to a wholly owned subsidiary of the Company whom has entered into an agreement with an independent third party for purchase of a property development project situated in Nanjing, the PRC, during the year ended 31 December 2017 and an amount of RMB196,217,000 (2019: RMB328,033,000) related to a wholly owned subsidiary of the Company whom has entered into an agreement with an independent third party for purchase of a property development project situated in Haikou, the PRC, during the year ended 31 December 2018. The consideration will be gradually settled with the deposits received from property for sale generated from these projects.

36. FINANCIAL LIABILITY AT FVTPL

Financial liability at FVTPL represents contingent consideration of RMB29,050,000 for acquisition of the 5% equity interest in Zhejiang Liantianmei Enterprise Management Co., Ltd, 浙江連天美企業管理有限公司 (the "Liantianmei") on 9 March 2020. Subject to and upon the terms and conditions of sales and purchase agreement, the Group shall pay a cash consideration to the vendor up to the value ranging from RMB41,650,000 to RMB62,500,000 as part of consideration, in which depending on the net profit of Liantianmei for the year ended 31 December 2020. The remaining consideration will be due by 31 March 2021.

Fair value of contingent consideration is determined by the discounted cash flow projection at the end of the reporting period. Details of valuation of contingent consideration is set out in note 45.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

37. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Property development	68,337,797	85,833,889
Others	702,060	222,446
	69,039,857	86,056,335

As at 1 January 2019, contract liabilities amounted to RMB59,966,365,000.

As at 31 December 2020, contract liabilities of RMB35,950,684,000 (2019: RMB31,700,561,000) is expected to be released to profit or loss after twelve months from the end of the reporting date.

38. AMOUNTS DUE TO JOINT VENTURES

Included in the balance of amounts due to joint ventures as at 31 December 2020, the amount of RMB447,002,000 (2019: RMB900,000,000) is due to 廣東金奧商業保理有限公司 Guangdong Jin Ao Business Factoring Co., Ltd, joint venture of the Group. The amount is unsecured, carrying interest at 4% (2019: from 4% to 12%) per annum and is repayable on demand (2019: repayable on 31 March 2020).

The remaining balances are unsecured, interest-free and repayable on demand.



39. BANK AND OTHER BORROWINGS

	2020 RMB'000	2019 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	27,726,069	21,965,819
United States dollar ("USD") bank borrowings	2,826,103	2,189,985
Australian dollar ("AUD") bank borrowings	32,774	1,211,540
Hong Kong dollar ("HKD") bank borrowings	6,184,668	6,561,160
Canadian dollar ("CAD") bank borrowings	1,191,862	651,736
RMB other borrowings (note)	41,965,553	35,500,738
USD other borrowings (note)	326,245	697,620
AUD other borrowings (note)	623,783	182,140
CAD other borrowings (note)	76,237	–
	80,953,294	68,960,738

Note: As at 31 December 2020, the balances of other borrowings amounting to RMB42,991,818,000 (2019: RMB36,380,498,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by Aoyuan Group.

	2020 RMB'000	2019 RMB'000
The carrying amounts of bank and other borrowings are repayable*:		
On demand or within one year	38,514,135	33,809,040
More than one year, but not exceeding two years	21,430,639	22,167,980
More than two years, but not exceeding five years	18,769,520	12,328,718
Over five years	2,239,000	655,000
	80,953,294	68,960,738
Less: Amount shown under current liabilities	(38,514,135)	(33,809,040)
Amount due after one year	42,439,159	35,151,698

* The amounts due are based on scheduled repayment dates set out in the loan agreements.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

39. BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings bear interests at:

Contracted interest rates	2020 RMB'000	2019 RMB'000
95% to 110.53% of lending rate of the People's Bank of China ("PBC rate") (2019: 95% to 210.53% of PBC rate)	8,294,815	9,466,702
Fixed rate ranging from 2.52% to 16% (2019: 3.1% to 15%)	62,092,933	48,697,475
Hong Kong Interbank Offered Rate ("HIBOR") plus 0.9% to 4.95% (2019: 1.5% to 4.95%)	6,184,668	6,561,160
London Interbank Offered Rate ("LIBOR") plus 0.9% to 4.95% (2019: 0.9% to 4.95%)	2,456,222	2,189,985
Bank Bill Swap bid rate plus 1.7%–7% (2019: bid rates plus 1.7%–2%)	656,557	1,393,680
Canada Prime Rate plus 1.2% to 2.05% (2019: 1.2% to 1.625%)	1,268,099	651,736
	80,953,294	68,960,738

Other than the assets pledged as disclosed in notes elsewhere in the consolidated financial statements, equity interests of certain subsidiaries of the Company were pledged for the bank and other borrowing facilities granted to the Group.



40. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	148,036	242,844
Within a period of more than one year but not more than two years	109,809	161,749
Within a period of more than two years but not more than five years	265,749	371,245
Within a period of more than five years	145,803	170,749
	669,397	946,587
Less: Amount due for settlement with 12 months shown under current liabilities	(148,036)	(242,844)
Amount due for settlement after 12 months shown under non-current liabilities	521,361	703,743

The weighted average incremental borrowing rates applied to lease liabilities range from 3.20% to 9.55% (2019: 3.20% to 9.55%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	RMB'000
As at 31 December 2020	3,894
As at 31 December 2019	7,292

41. SENIOR NOTES AND BONDS

2016 Private Corporate Bonds

On 4 February 2016, Aoyuan Group issued domestic corporate bonds of RMB500,000,000 with a term of four years. 2016 Private Corporate Bonds are guaranteed by the Company, carrying interest at rate of 7.9% per annum and interest is payable annually, commencing 4 February 2017. The Corporate Bonds have a maturity date of 3 February 2020, unless the bonds holders sell back the bonds to Aoyuan Group earlier.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2016 Private Corporate Bonds (Continued)

Aoyuan Group is entitled to adjust upwards to the interest rate on 17 January 2018, 20 days of trading prior to the second interest repayment date. Upon the adjustment, bonds holders may at their options (“Put options”) to sell back 2016 Private Corporate Bonds to Aoyuan Group in whole or in part at face value of their principal amount within three days of trading from 17 January 2018.

On 14 October 2018, the bond holders early redeemed an aggregate principal amount of RMB360,000,000 of 2016 Private Corporate Bonds, at a redemption price equal to 108.42% of the principal amount thereof together with all accrued and unpaid interest.

The 2016 private corporate bond matured on 4 February 2020 was settled during the current year.

2017 Notes 1 and 2018 Notes 3

On 11 January 2017, the Company issued senior notes in an aggregate principal amount of USD250,000,000. 2017 Notes 1 are listed on the SGX.

On 26 July 2018, the Company further issued additional senior notes (the “2018 Note 3”) in an aggregate principal amount of USD175,000,000 to be consolidated and form a single series with the 2017 Notes 1, the original notes. The 2017 Notes 1 and 2018 Notes 3 are:

- (a) secured, carry interest at rate of 6.35% per annum and interest is payable semi-annually on 11 January and 11 July of each year, commencing from 11 July 2017, and have a maturity date of 11 January 2020, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2017 Notes 1 and 2018 Notes 3;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) the on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



41. SENIOR NOTES AND BONDS (Continued)

2017 Notes 1 and 2018 Notes 3 (Continued)

At any time and from time to time prior to 11 January 2020, the Company may redeem up to 35% of the 2017 Notes 1 and 2018 Notes 3, at a redemption price of 106.35% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 11 January 2020, the Company may at its option redeems the 2017 Notes 1 and 2018 Notes 3, in whole but not in part, at a redemption price equals to 100% of the principal amount of the 2017 Notes 1 and 2018 Notes 3 plus the applicable premium as defined in the offering memorandum of the Company dated 4 January 2017 (“Applicable Premium”) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2017 Notes 1 and 2018 Notes 3 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2017 Notes 1 and 2018 Notes 3 on 11 January 2020, plus all required remaining scheduled interest payments due on such 2017 Notes 1 and 2018 Notes 3 through 11 January 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the comparable treasury rate plus 100 basis points, over (B) the principal amount of the 2017 Notes 1 and 2018 Notes 3 on the redemption date.

The 2017 Notes 1 and 2018 Notes 3 matured on 11 January 2020 were settled during the current year.

2017 Notes 2

On 13 September 2017, the Company issued senior notes in an aggregate principal amount of USD250,000,000. 2017 Notes 2 are listed on the SGX. The 2017 Notes 2 are:

- (a) secured, carry interest at rate of 5.375% per annum and interest is payable semi-annually on 13 March and 13 Sep of each year, commencing 13 March 2018, and will mature on 13 September 2022, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2017 Notes 2;



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2017 Notes 2 (Continued)

- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 13 September 2020, the Company may redeem up to 35% of the 2017 Notes 2, at a redemption price of 105.375% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On or after 13 September 2020, the Company may on any one or more occasions redeem all or any part of the Notes, at the redemption prices (expressed as percentages of principal amount) at 102.688% in 2020 and 101.344% in 2021, plus accrued and unpaid interest, if any, on the 2017 Notes 2 redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 13 September of the years indicated in such section.

"Applicable Premium" is the greater of (i) 1% of the principal amount of the 2017 Notes 2 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2017 Notes 2 on 13 September 2022, plus all required remaining scheduled interest payments due on such 2017 Notes 2 through 13 September 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to the comparable treasury rate plus 100 basis points, over (B) the principal amount of the 2017 Notes 2 on the redemption date.

2018 Notes 1 and 2018 Notes 2

On 10 May 2018, the Company issued senior notes in an aggregate principal amount of USD200,000,000 (the "2018 Notes 1"). 2018 Notes 1 are listed on the SGX.

On 11 June 2018, the Company issued additional senior notes (the "2018 Notes 2") in an aggregate principal amount of USD225,000,000 to be consolidated and form a single series with the 2018 Notes 1, the original notes.



41. SENIOR NOTES AND BONDS (Continued)

2018 Notes 1 and 2018 Notes 2 (Continued)

The 2018 Notes 1 and 2018 Notes 2 are:

- (a) carrying interest at rate of 7.50% per annum and interest is payable semi-annually on 10 May and 10 November of each year, commencing 10 November 2018, and will mature on 10 May 2021, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2018 Notes 1;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 10 May 2020, the Company may redeem up to 35% of the 2018 Notes 1 and 2018 Notes 2, at a redemption price of 107.5% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 10 May 2020, the Company may at its option redeem the 2018 Notes 1 and 2018 Notes 2, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes 1 and 2018 Notes 2 plus the applicable premium as defined in the offering memorandum of the Company dated 2 May 2018 ("Applicable Premium") as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time on or after 10 May 2020, the Company may on any one or more occasions redeem all or any part of the 2018 Notes 1 and 2018 Notes 2, at a redemption price of 102.00% plus accrued and unpaid interest, if any, on the 2018 Notes 1 and 2018 Notes 2 redeemed, to (but not including) the redemption date.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2018 Notes 1 and 2018 Notes 2 (Continued)

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2018 Notes 1 and 2018 Notes 2 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2018 Notes 1 and 2018 Notes 2 on 10 May 2020, plus all required remaining scheduled interest payments due on such 2018 Notes 1 and 2018 Notes 2 through 10 May 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the comparable treasury rate plus 100 basis points, over (B) the principal amount of the 2018 Notes 1 and 2018 Notes 2 on the redemption date.

2018 Notes 4 and 2019 Notes 1

On 7 September 2018, the Company issued senior notes in an aggregate principal amount of USD225,000,000 (the “2018 Notes 4”). 2018 Notes 4 are listed on the SGX.

On 3 January 2019, the Company further issued additional senior notes in an aggregate principal amount of USD275,000,000 to be consolidated and form a series with the 2018 Notes 4, the original notes. 2019 Notes 1 are listed on the SGX.

The 2018 Notes 4 and 2019 Notes 1 are:

- (a) carrying interest at rate of 7.95% per annum and interest is payable semi-annually on 7 March and 7 September of each year, commencing 7 March 2019, will mature on 7 September 2021, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2018 Notes 4 and 2019 Notes 1;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) the on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



41. SENIOR NOTES AND BONDS (Continued)

2018 Notes 4 and 2019 Notes 1 (Continued)

At any time and from time to time prior to 7 September 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes 4 and 2019 Notes 1, at a redemption price of 107.95% of their principal amount, plus accrued and unpaid interest, if any, in each case, using the net cash proceeds from sales of certain kinds of capital stock.

At any time prior to 7 September 2020, the Company will be entitled at its option to redeem the 2018 Notes 4 and 2019 Notes 1 in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes 4 and 2019 Notes 1 being redeemed plus the applicable premium as defined in the offering memorandum of the Company dated 29 August 2018 and 3 January 2019 (“Applicable Premium”) as of, and accrued and unpaid interest if any, to (but not including), the redemption date.

At any time on or after 7 September 2020, the Company may on any one or more occasions redeem all or any part of the 2018 Notes 4 and 2019 Notes 1, at a redemption price of 102% plus accrued and unpaid interest, if any, on the 2018 Notes 4 and 2019 Notes 1 redeemed, to (but not including) the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2018 Notes 4 and 2019 Notes 1 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2018 Notes 4 and 2019 Notes 1 on 7 September 2020, plus all required remaining scheduled interest payments due on such 2018 Notes 4 and 2019 Notes 1 through 7 September 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the comparable treasury rate plus 100 basis points, over (B) the principal amount of the 2018 Notes 4 and 2019 Notes 1 on the redemption date.

On 22 October 2020, the bond holders early redeemed an aggregate principal amount of USD1,400,000 of 2018 Notes 4, at a redemption price equal to 107.95% of the principal amount thereof together with all accrued and unpaid interest.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2018 Notes 5

On 7 September 2018, the Company issued senior notes in an aggregate principal amount of SGD100,000,000 (the "2018 Note 5"). 2018 Notes 5 are listed on the SGX. The 2018 Notes 5 are:

- (a) carrying interest at rate of 7.15% per annum and interest is payable semi-annually on 7 March and 7 September of each year, commencing 7 March 2019, will mature on 7 September 2021, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2018 Note 5;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") the on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 7 September 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes 5, at a redemption price of 107.15% of their principal amount, plus accrued and unpaid interest, if any, in each case, using the net cash proceeds from sales of certain kinds of capital stock.

At any time prior to 7 September 2020, the Company will be entitled at its option to redeem the 2018 Notes 5 in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes 5 being redeemed plus applicable premium as defined in the offering memorandum of the Company dated 29 August 2018 (the "Applicable Premium") as of, and accrued and unpaid interest if any, to (but not including), the redemption date.



41. SENIOR NOTES AND BONDS (Continued)

2018 Notes 5 (Continued)

At any time on or after 7 September 2020, the Company may on any one or more occasions redeem all or any part of the 2018 Notes 5, at a redemption price of 102% plus accrued and unpaid interest, if any, on the 2018 Notes 5 redeemed, to (but not including) the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2018 Notes 5 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2018 Notes 5 on 7 September 2020, plus all required remaining scheduled interest payments due on such 2018 Notes 5 through 7 September 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to 2.5%, over (B) the principal amount of the 2018 Notes 5 on the redemption date.

On 22 October 2020, the bond holders early redeemed an aggregate principal amount of SGD8,500,000 of 2018 Notes 5, at a redemption price equal to 107.15% of the principal amount thereof together with all accrued and unpaid interest.

2018 Private Corporate Bonds

On 23 July 2018, Aoyuan Group issued domestic corporate bonds of RMB2,400,000,000 with a term of three years (collectively as the “2018 Private Corporate Bonds”), of which, RMB1,200,000,000 is carrying interest at rate of 8.5% (the “2018 Private Corporate Bonds 1”) and another RMB1,200,000,000 is carrying interest at the rate of 8% per annum (the “2018 Private Corporate Bonds 2”). 2018 Private Corporate Bonds are unsecured, and interest is payable annually, commencing 24 July 2018. 2018 Private Corporate Bonds will mature on 24 July 2021 unless the bonds holders sell back the bonds to Aoyuan Group earlier.

Aoyuan Group is entitled to adjust upwards to the interest rate on 24 July 2020, 30 days of trading prior to the second interest repayment date for the 2018 Private Corporate Bonds 1. Upon the adjustment, bonds holders may at their options (“Put options”) to sell back 2018 Private Corporate Bonds 1 to Aoyuan Group in whole or in part at face value of their principal amount within five days of trading from 24 July 2020.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2018 Private Corporate Bonds (Continued)

For 2018 Private Corporate Bonds 2, Aoyuan Group is entitled to adjust upwards to the interest rate on 24 July 2019 and 24 July 2020, 30 days of trading prior to the first and second interest repayment date. Upon the adjustment, bonds holders may at their options (“Put options”) to sell back 2018 Private Corporate Bonds 2 to Aoyuan Group in whole or in part at face value of their principal amount within five days of trading from 24 July 2019 and 24 July 2020, respectively.

2018 Listed Corporate Bonds

On 10 October 2018, Aoyuan Group issued domestic corporate bonds in an aggregate principal of RMB1,500,000,000 (the “2018 Listed Corporate Bonds”). The issue price was 100.00% of the principal amount of 2018 Listed Corporate Bonds.

2018 Listed Corporate Bonds are listed on the SSE, which are unsecured, carry interest at rate of 8.5% per annum and interest is payable annually on 15 October 2018 in arrears. 2018 Listed Corporate Bonds will mature on 11 October 2021 unless the bonds holders sell back the bonds to Aoyuan Group earlier.

Aoyuan Group is entitled to adjust upwards to the interest rate on 11 October 2020, 15 days of trading prior to the second interest repayment date for the 2018 Listed Corporate Bonds. Upon the adjustment, bonds holders may at their options (“Put options”) to sell back 2018 Listed Corporate Bonds to Aoyuan Group in whole or in part at face value of their principal amount within three days of trading from 11 October 2020.

2019 Notes 2

On 23 January 2019, the Company issued senior notes in an aggregate principal amount of USD500,000,000. 2019 Notes 2 are listed on the SGX. The 2019 Notes 2 are:

- (a) carry interest at rate of 8.5% per annum and interest is payable semi-annually on 23 January and 23 July of each year, commencing 23 July 2019, and will mature on 23 January 2022, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2019 Notes 2;



41. SENIOR NOTES AND BONDS (Continued)

2019 Notes 2 (Continued)

- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") the on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 23 January 2021, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Notes 2 at a redemption price of 108.5% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 23 January 2021, the Company will be entitled at its option redeem the 2019 Notes 2, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes 2 plus the applicable premium as defined in the offering memorandum of the Company dated 15 January 2019 ("Applicable Premium") as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time on or after 23 January 2021, the Company may on any one or more occasions redeem all or any part of the 2019 Notes 2, at a redemption price of 102% of their principal amount, plus accrued and unpaid interest, if any, on the 2019 Notes 2 redeemed, to (but not including) the redemption date.

"Applicable Premium" is the greater of (i) 1% of the principal amount of the 2019 Notes 2 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2019 Notes 2 on 23 January 2021, plus all required remaining scheduled interest payments due on such 2019 Notes 2 through 23 January 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2019 Notes 2 on the redemption date.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2019 Notes 3 and 2019 Notes 5

On 19 February 2019, the Company issued senior notes in an aggregate principal amount of USD225,000,000. 2019 Notes 3 are listed on the SGX.

On 30 July 2019, the Company further issued additional senior notes (the “2019 Notes 5”) in an aggregate principal amount of USD250,000,000 to be consolidated and form a single series with the 2019 Notes 3, the original notes. 2019 Notes 5 are listed on the SGX.

The 2019 Notes 3 and 2019 Notes 5 are:

- (a) carry interest at rate of 7.95% per annum and interest is payable semi-annually on 19 February and 19 August of each year, commencing 19 August 2019, and will mature on 19 February 2023, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2019 Notes 3 and 2019 Notes 5;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 19 February 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Notes 3 and 2019 Notes 5 at a redemption price of 107.95% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.



41. SENIOR NOTES AND BONDS (Continued)

2019 Notes 3 and 2019 Notes 5 (Continued)

At any time prior to 19 February 2022, the Company will be entitled at its option redeem the 2019 Notes 3 and 2019 Notes 5, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes 3 and 2019 Notes 5 plus the applicable premium as defined in the offering memorandum of the Company dated 11 February 2019 and 30 July 2019 (“Applicable Premium”) as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time on or after 19 February 2022, the Company may on any one or more occasions redeem all or any part of the 2019 Notes 3 and 2019 Notes 5, at a redemption price of 102% of their principal amount, plus accrued and unpaid interest, if any, on the 2019 Notes 3 and 2019 Notes 5 redeemed, to (but not including) the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2019 Notes 3 and 2019 Notes 5 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2019 Notes 3 and 2019 Notes 5 on 19 February 2022, plus all required remaining scheduled interest payments due on such 2019 Notes 3 and 2019 Notes 5 through 19 February 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2019 Notes 3 and 2019 Notes 5 on the redemption date.

2019 Notes 4

On 21 June 2019, the Company issued senior notes in an aggregate principal amount of USD200,000,000. 2019 Notes 4 are unlisted. The 2019 Notes 4 are:

- (a) carry interest at rate of 7.35% per annum and interest is payable semi-annually on 21 June and 21 December of each year, commencing 21 December 2019, and will mature on 21 June 2023, unless redeemed earlier;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2019 Notes 4;



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2019 Notes 4 (Continued)

- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

At any time and from time to time prior to 21 June 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Notes 4 at a redemption price of 107.35% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 21 June 2022, the Company will be entitled at its option to redeem the 2019 Notes 4, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes 4 plus the applicable premium as defined in the offering memorandum of the Company dated 14 June 2019 ("Applicable Premium") as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time on or after 21 June 2022, the Company may, in whole or in part, redeem the 2019 Notes 4, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

"Applicable Premium" is the greater of (i) 1% of the principal amount of the 2019 Notes 4 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2019 Notes 4 on 21 June 2022, plus all required remaining scheduled interest payments due on such 2019 Notes 4 through 21 June 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2019 Notes 4 on the redemption date.

On or after 21 June 2022, upon written notice by a holder as defined in the offering memorandum of the Company dated 14 June 2019 ("Holder"), the Company must purchase all outstanding notes of such Holder at a purchase price equal to 100%, in each case, of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.



41. SENIOR NOTES AND BONDS (Continued)

2019 Listed Corporate Bonds

On 29 August 2019, Aoyuan Group issued domestic corporate bonds in an aggregate principal of RMB1,500,000,000 (the "2019 Listed Corporate Bonds"). The issue price was 100.00% of the principal amount of 2019 Listed Corporate Bonds.

2019 Listed Corporate Bonds are listed on the SSE, which are unsecured, carry interest at rate of 6.8% per annum and interest is payable annually on 30 August in arrears. 2019 Listed Corporate Bonds will mature on 23 August 2023 unless the bonds holders sell back the bonds to Aoyuan Group earlier.

Aoyuan Group is entitled to adjust upwards to the interest rate on 29 August 2021, 20 days of trading prior to the second interest repayment date for the 2019 Listed Corporate Bonds. Upon the adjustment, bonds holders may at their options ("Put options") to sell back 2019 Listed Corporate Bonds to Aoyuan Group in whole or in part at face value of their principal amount within three days of trading from 29 August 2021.

2019 Notes 6

On 15 November 2019, the Company issued senior notes in an aggregate principal amount of USD100,000,000 (the "2019 Notes 6"). The 2019 Notes 6, which are unlisted, carry interest at a rate of 6.75% per annum and interest is payable semi-annually on 13 May 2020 and 13 November 2020. The 2019 Notes 6 will mature on 13 November 2020, unless redeemed earlier.

At any time and from time to time prior to 13 November 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Notes 6 at a redemption price of 106.75% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2019 Notes 6 originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2019 Notes 6 (Continued)

At any time prior to 13 November 2020, the Company will be entitled at its option to redeem the 2019 Notes 6, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes 6 plus the applicable premium as defined in the offering memorandum of the Company dated 15 November 2019 ("Applicable Premium") as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

The 2019 Notes 6 may also be redeemed at the option of the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders, the Paying Agent and the Trustee (which notice shall be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest.

The 2019 Notes 6 matured on 13 November 2020 was settled during the current year.

2020 Notes 1

On 24 January 2020, the Company issued unlisted senior notes in an aggregate principal amount of USD200,000,000. The 2020 Notes 1:

- (a) carry interest at rate of 8.0% per annum and interest is payable in arrears on 24 July 2020 and 22 January 2021. The 2020 Note 1 will mature on 22 January 2021;
- (b) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 1;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);



41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 1 (Continued)

- (d) are guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") the on a senior basis, subject to certain limitations; and
- (e) are effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.

2020 Notes 2

On 21 February 2020, the Company issued senior notes in an aggregate principal amount of USD188,000,000. 2020 Notes 2 are listed on the Singapore Exchange Securities Trading Limited ("SGX"). The 2020 Notes 2:

- (a) carry interest at rate of 4.8% per annum and interest is payable in arrears on 18 August 2020 and 18 February 2021. The 2020 Notes 2 will mature on 18 February 2021;
- (b) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 2;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) are guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC ("Guarantors") the on a senior basis, subject to certain limitations; and
- (e) are effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 2 (Continued)

At any time and from time to time prior to 18 February 2021, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 2 at a redemption price of 104.8% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 18 February 2021, the Company will be entitled at its option to redeem the 2020 Notes 2, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 2 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 2 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 2 on 18 February 2021, plus all required remaining scheduled interest payments due on such 2020 Notes 2 through 18 February 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 2 on the redemption date.

2020 Notes 3

On 2 July 2020, the Company issued senior notes in an aggregate principal amount of USD460,000,000. 2020 Notes 3 are listed on the Singapore Exchange Securities Trading Limited (“SGX”). The 2020 Notes 3:

- (a) carry interest at rate of 6.35% per annum and interest is payable semi-annually on 8 February and 2 August of each year, commencing 2 August 2021, and will mature on 8 February 2024, unless redeemed earlier;
- (b) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 3;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) are guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) on a senior basis, subject to certain limitations; and
- (e) are effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 3 (Continued)

At any time and from time to time prior to 8 February 2023, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 3 at a redemption price of 106.35% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 8 February 2023, the Company will be entitled at its option to redeem the 2020 Notes 3, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 3 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 3 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 3 on 8 February 2023, plus all required remaining scheduled interest payments due on such 2020 Notes 3 through 8 February 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 3 on the redemption date.

2020 Notes 4

On 20 August 2020, the Company issued senior notes in an aggregate principal amount of USD70,000,000. 2020 Notes 4 are unlisted. The 2020 Notes 4 are:

- (a) carry interest at rate of 6.0% per annum and interest is payable in arrears on 20 February 2021 and 18 August 2021. The 2020 Notes 4 will mature on 18 August 2021;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 4;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 4 (Continued)

At any time and from time to time prior to 18 August 2021, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 4 at a redemption price of 106% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 18 August 2021, the Company will be entitled at its option to redeem the 2020 Notes 4, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 4 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 4 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 4 on 18 August 2021, plus all required remaining scheduled interest payments due on such 2020 Notes 4 through 18 August 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 4 on the redemption date.

2020 Notes 5

On 2 September 2020, the Company issued senior notes in an aggregate principal amount of USD50,000,000. 2020 Notes 5 are unlisted. The 2020 Notes 5 are:

- (a) carry interest at rate of 4.75% per annum and interest is payable in arrears on 1 March 2021 and 1 September 2021. The 2020 Notes 5 will mature on 1 September 2021;
- (b) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 5;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) the on a senior basis, subject to certain limitations; and
- (e) effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 5 (Continued)

At any time and from time to time prior to 1 September 2021, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 5 at a redemption price of 104.75% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 1 September 2021, the Company will be entitled at its option to redeem the 2020 Notes 5, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 5 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 5 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 5 on 1 September 2021, plus all required remaining scheduled interest payments due on such 2020 Notes 5 through 1 September 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 5 on the redemption date.

2020 Notes 6

On 24 September 2020, the Company issued senior notes in an aggregate principal amount of USD350,000,000. 2020 Notes 6 are listed on the Singapore Exchange Securities Trading Limited (“SGX”). The 2020 Notes 6:

- (a) carry interest at rate of 6.2% per annum and interest is payable semi-annually on 24 March and 24 September of each year, commencing 24 March 2021, and will mature on 24 March 2026, unless redeemed earlier;
- (b) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 6;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) are guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) on a senior basis, subject to certain limitations; and
- (e) are effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 6 (Continued)

At any time and from time to time prior to 24 September 2023, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 6 at a redemption price of 106.2% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 24 September 2023, the Company will be entitled at its option to redeem the 2020 Notes 6, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 6 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 6 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 6 on 24 September 2023, plus all required remaining scheduled interest payments due on such 2020 Notes 6 through 24 September 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 6 on the redemption date.

2020 Notes 7

On 18 November 2020, the Company issued senior notes in an aggregate principal amount of USD230,000,000. 2020 Notes 7 are listed on the Singapore Exchange Securities Trading Limited (“SGX”). The 2020 Notes 7:

- (a) carry interest at rate of 5.98% per annum and interest is payable semi-annually on 18 February and 18 August of each year, commencing 18 February 2021, and will mature on 18 August 2025, unless redeemed earlier;
- (b) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2020 Notes 7;
- (c) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such subordinated indebtedness pursuant to applicable law);
- (d) are guaranteed by certain subsidiaries of the Company other than those organised under the laws of the PRC (“Guarantors”) the on a senior basis, subject to certain limitations; and
- (e) are effectively subordinated to all existing and future obligations of subsidiaries of the Company other than Guarantors.



41. SENIOR NOTES AND BONDS (Continued)

2020 Notes 7 (Continued)

At any time and from time to time prior to 18 August 2023, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes 7 at a redemption price of 105.98% of the principal amount, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time prior to 18 August 2023, the Company will be entitled at its option to redeem the 2020 Notes 7, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes 7 plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

“Applicable Premium” is the greater of (i) 1% of the principal amount of the 2020 Notes 7 and (ii) the excess of (A) the present value at such redemption date of the redemption price of the 2020 Notes 7 on 18 August 2023, plus all required remaining scheduled interest payments due on such 2020 Notes 7 through 18 August 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2020 Notes 7 on the redemption date.

2020 Listed Corporate Bonds 1

On 2 March 2020, Aoyuan Group issued domestic corporate bonds in an aggregate principal of RMB2,540,000,000. The issue price was 100% of the principal amount of 2020 Listed Corporate Bonds 1.

2020 Listed Corporate Bonds 1 are listed on the Shanghai Stock Exchange, which are unsecured, carry interest at rate of 5.5% per annum and interest is payable annually on 3 March in arrears. 2020 Listed Corporate Bonds 1 will mature on 3 March 2025 unless the bonds holders sell back the bonds to Aoyuan Group earlier.

Aoyuan Group is entitled to adjust upwards to the interest rate on 3 March 2023, 20 days of trading prior to the second interest repayment date for the 2020 Listed Corporate Bonds 1. Upon the adjustment, bonds holders may at their options (“Put options”) to sell back 2020 Listed Corporate Bonds 1 to Aoyuan Group in whole or in part at face value of their principal amount within three days of trading from 3 March 2023.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

2020 Listed Corporate Bonds 2

On 7 August 2020, Aoyuan Group issued domestic corporate bonds in an aggregate principal of RMB1,180,000,000. The issue price was 100% of the principal amount of 2020 Listed Corporate Bonds 2.

2020 Listed Corporate Bonds 2 are listed on the Shanghai Stock Exchange, which are unsecured, carry interest at rate of 5.65% per annum and interest is payable annually on 7 August in arrears. 2020 Listed Corporate Bonds 2 will mature on 7 August 2025 unless the bonds holders sell back the bonds to Aoyuan Group earlier.

Aoyuan Group is entitled to adjust upwards to the interest rate on 7 August 2023, 15 days of trading prior to the second interest repayment date for the 2020 Listed Corporate Bonds 2. Upon the adjustment, bonds holders may at their options ("Put options") to sell back 2020 Listed Corporate Bonds 2 to Aoyuan Group in whole or in part at face value of their principal amount within five days of trading from 7 August 2023.

Aoyuan Beauty Valley

2020 Domestic Private Corporate Bonds 1

On 19 June 2020, 11 December 2020, 23 October 2020 and 25 December 2020, Aoyuan Beauty Valley issued domestic private corporate bonds in an aggregate principal of RMB510,000,000, which carrying interest at rate ranging from 8.5% to 9.5%, were issued to individual third parties and guaranteed by Aoyuan Beauty Valley. During the year ended 31 December 2020, the balance of 2020 Domestic Private Corporate Bonds 1 is RMB229,000,000, and will mature before 29 December 2021.

2020 Domestic Private Corporate Bonds 2

On 16 October 2020, 1 November 2020 and 2 December 2020, Aoyuan Beauty Valley issued domestic private corporate bonds in an aggregate principal of RMB300,000,000, which carrying interest at rate ranging from 6% to 9.5%, were issued to individual third parties and guaranteed by Aoyuan Group. During the year ended 31 December 2020, the balance of 2020 Domestic Private Corporate Bonds 2 is RMB181,790,000, and will mature before 2 December 2021.



41. SENIOR NOTES AND BONDS (Continued)

Aoyuan Beauty Valley (Continued)

2020 Domestic Private Corporate Bonds 3

On 13 November 2020 and 4 December 2020, Aoyuan Beauty Valley issued domestic private corporate bonds in an aggregate principal of RMB100,000,000, which carrying interest at rate ranging from 8.5% to 9.8%, were issued to individual third parties and guaranteed by Aoyuan Group. During the year ended 31 December 2020, the balance of 2020 Domestic Private Corporate Bonds 3 is RMB8,650,000, and will mature before 3 December 2021.

2020 Domestic Private Corporate Bonds 4

On 6 November 2020, Aoyuan Beauty Valley issued domestic private corporate bonds in an aggregate principal of RMB200,000,000, which carrying interest at rate ranging from 8.8% to 9.7%, were issued to individual third parties and guaranteed by Aoyuan Group. During the year ended 31 December 2020, the balance of 2020 Domestic Private Corporate Bonds 4 is RMB8,000,000, and will mature before 12 November 2021.

The 2017 Notes 2, 2018 Notes 1, 2018 Notes 2, 2018 Notes 4, 2018 Notes 5, all 2018 Private Corporate Bonds, 2018 Listed Corporate Bonds, all 2019 Notes, all 2020 Notes and all 2020 Listed Corporate Bonds contained a liability component and the early redemption options or put options:

- (a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.65% to 12.77% (2019: 5.75% to 9.31%) per annum to the liability component respectively since the corresponding notes and bonds were issued.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

(a) (Continued)

Movement of the liability component in above Notes and Corporate Bonds during the period is set out below:

	2020 RMB'000	2019 RMB'000
Carrying amount as at 1 January	26,803,192	16,970,161
Acquisitions of subsidiaries (note 46)	110,951	–
Proceeds received	14,544,801	12,300,493
Exchange (gain) loss	(1,737,512)	221,036
Interest expenses	2,296,623	2,076,100
Interest paid to notes holders	(1,948,497)	(1,581,923)
Early redemptions of 2018 Notes 4 and 2018 Notes 5	(51,057)	–
Settlement of 2017 Notes 1, 2018 Notes 3, 2016 Private Corporate Bonds, 2019 Notes 6, Bonds of Aoyuan Healthy Life Group Co., Ltd ("Aoyuan Healthy Life") and Aoyuan Beauty Valley (2019: 2016 Notes and 2016 Private Corporate Bond)	(6,098,811)	(3,182,675)
Carrying amount as at 31 December	33,919,690	26,803,192
Analysed for reporting purpose:		
Non-current liabilities	20,166,368	18,739,179
Current liabilities	13,753,322	8,064,013
	33,919,690	26,803,192

(b) Early redemption options of the Company are regarded as embedded derivatives not closely related to the host contract. The management of the Company consider that the fair value of the early redemption options is insignificant on initial recognition date, 31 December 2019 and 31 December 2020.



41. SENIOR NOTES AND BONDS (Continued)

- (c) Put options held by the bond holders are regarded as embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put options are not separated from liability component.

The fair value of above Notes and Corporate Bonds as at 31 December are set out below:

	Notes	2020 RMB'000	2019 RMB'000
2016 Private Corporate Bonds	(ii)	–	149,947
2017 Notes 1	(i)	–	1,743,583
2017 Notes 2	(i)	1,616,970	1,659,439
2018 Notes 1	(i)	1,326,108	1,397,911
2018 Notes 2	(i)	1,491,872	1,572,650
2018 Notes 3	(i)	–	1,220,508
2018 Notes 4	(i)	1,487,972	1,584,458
2018 Notes 5	(i)	601,202	519,100
2018 Private Corporate Bonds	(ii)	331,541	2,401,722
2018 Listed Corporate Bonds	(i)	1,497,000	1,526,850
2019 Notes 1	(i)	1,818,633	1,936,560
2019 Notes 2	(i)	3,347,885	3,561,584
2019 Notes 3	(i)	1,526,086	1,592,575
2019 Notes 4	(ii)	1,346,337	1,392,483
2019 Notes 5	(i)	1,695,652	1,769,528
2019 Listed Corporate Bonds	(i)	1,533,000	1,500,000
2019 Notes 6	(ii)	–	694,000
2020 Notes 1	(ii)	1,352,421	–
2020 Notes 2	(ii)	1,246,334	–
2020 Notes 3	(ii)	3,028,068	–
2020 Notes 4	(ii)	457,030	–
2020 Notes 5	(ii)	323,834	–
2020 Notes 6	(ii)	2,281,105	–
2020 Notes 7	(ii)	1,490,001	–
2020 Listed Corporate Bonds 1	(i)	2,499,360	–
2020 Listed Corporate Bonds 2	(i)	1,180,000	–
Bonds of Aoyuan Healthy Life	(ii)	16,812	–
Bonds of Aoyuan Beauty Valley	(ii)	427,109	–
		33,922,332	26,222,898



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

41. SENIOR NOTES AND BONDS (Continued)

Notes:

- (i) Fair value is calculated by using the quoted price based on relevant stock exchanges at the end of the reporting period (or the nearest day of trading).
- (ii) Fair value is determined with reference to valuations carried out by Duff & Phelps (H.K.) Holdings Limited, a qualified external valuer. The corresponding fair value is calculated by using Binomial model. The variables and assumptions used in computing the fair value are based on the management of the Company's best estimate.

42. PROVISIONS

	At 1 January 2019 RMB'000	Additional provisions recognised RMB'000	Release upon the delivery of completed properties RMB'000	At 31 December 2019 RMB'000	Additional provisions recognised RMB'000	At 31 December 2020 RMB'000
Guangzhou Wan Pui (note a)	581,700	-	(581,700)	-	-	-
LuoAo Real Estate Development (note b)	176,724	2,947	-	179,671	-	179,671
Guangzhou Shangshui (note c)	139,193	-	-	139,193	-	139,193
Wuchuan Maoyuan (note d)	-	615,542	-	615,542	-	615,542
Yanjiang Zhenteng (note e)	-	-	-	-	198,179	198,179
Hengyang Dingye (note f)	-	-	-	-	148,645	148,645
Yangjiang Shawu (note g)	-	-	-	-	545,241	545,241
Guangdong Wanbo (note h)	-	-	-	-	293,573	293,573
Guangdong Wanhui (note i)	-	-	-	-	154,240	154,240
Total	897,617	618,489	(581,700)	934,406	1,339,878	2,274,284

- (a) On 31 December 2011, the Group entered into an agreement (the "Agreement 1") with Pan Information Technology Limited ("PIT"). According to the Agreement 1, the Group injected cash of RMB154,700,000 in 廣州市萬貝投資管理有限公司 (the "Guangzhou Wan Pui"), an entity established in the PRC which is principally engaged in property development. The Group held 65% equity interest in Guangzhou Wan Pui after the completion of capital injection while PIT held 35% equity interest in the Guangzhou Wan Pui. In addition, the Group and PIT agreed that the Group has to transfer 35% of completed properties of the property project in Guangzhou Wan Pui to PIT and in return PIT requires to transfer its 35% equity interest in the Guangzhou Wan Pui to the Group upon completion of the property project.



42. PROVISIONS (Continued)

(a) (Continued)

The Group is responsible for project financing and project management. PIT agreed not to involve in the daily operation and management of this property project. According to the Agreement 1, PIT has agreed not to share any profit or loss of Guangzhou Wan Pui.

Guangzhou Wan Pui is accounted for as a wholly owned subsidiary of the Company and PIT has provided land to the Group to develop the property project in return to have 35% of completed properties. Accordingly, the potential amount of the development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 35% completed properties to be delivered to PIT is accounted for as provision of the Group in respect of cost of the land.

During the year ended 31 December 2019, the Group delivered all completed properties to Guangzhou Wan Pui.

(b) On 8 August 2013, the Company entered into an agreement (the "Agreement 2") with Luogang Business Association and Yijing Investment to establish "LuoAo Real Estate Development" with a registered capital of RMB100,000,000 which engages in property development.

According to the Agreement 2, the Group injected RMB60,000,000 to LuoAo Real Estate Development and the Group held 60% equity interest in LuoAo Real Estate Development after the completion of capital injection while each of Luogang Business Association and Yijing Investment injected RMB20,000,000 respectively and each of them held 20% equity interest in LuoAo Real Estate Development respectively. In addition, the Group, Luogang Business Association and Yijing Investment agreed that after the completion of the development of property project by LuoAo Real Estate Development, the Group has to transfer 40% of completed properties to Luogang Business Association and Yijing Investment in return Luogang Business Association and Yijing Investment have to contribute part of the land consideration at RMB926,350,000. The Group is responsible for project financing and project management. Luogang Business Association and Yijing Investment agreed not to involve in daily operation and management of this property project. In addition, Luogang Business Association and Yijing Investment have agreed not to share any profit or loss of LuoAo Real Estate Development.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

42. PROVISIONS (Continued)

(b) (Continued)

LuoAo Real Estate Development is accounted for as a wholly owned subsidiary of the Company and Luogang Business Association and Yijing Investment have provided part of the land consideration at RMB926,350,000 to the Group to develop the property project in return to have 40% completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 40% completed properties to be delivered to Luogang Business Association and Yijing Investment is accounted for as provision of the Group in respect of the cost of the land.

During the years ended 31 December 2019 and 2020, the Group did not deliver any completed properties to Luogang Business Association and Yijing Investment, respectively.

(c) On 28 February 2014, the Company entered into an agreement (the "Agreement 3") with two independent parties, Mr. Zhong Jiawen and Mr. Zhong Binghong. According to the Agreement 3, the Group injected cash of RMB10,408,000 in 廣州尚水酒業有限公司 (the "Guangzhou Shangshui"), an entity established in the PRC which principally engaged in property development. The Group held 51% equity interest in Guangzhou Shangshui after the completion of capital injection while the two independent parties held 49% equity interest in Guangzhou Shangshui. In addition, the Group, two independent parties agreed that after the completion of the development of property project by Guangzhou Shangshui, the Group has to transfer 50% of completed properties to the two independent parties in return the two independent parties have to contribute part of the land consideration at RMB207,356,800. The Group is responsible for project financing and project management. The two independent parties agreed not to involve in daily operation and management of this property project. In addition, two independent parties have agreed not to share any profit or loss of Guangzhou Shangshui.

Guangzhou Shangshui is accounted for as a wholly owned subsidiary of the Company and the two independent parties have provided part of the land consideration at RMB207,356,800 to the Group to develop the property project in return to have 50% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 50% of completed properties of the property project to be delivered to the two independent parties is accounted for as provision of the Group in respect of the land cost contributed by two independent parties.



42. PROVISIONS (Continued)

- (d) On 3 December 2018, the Company entered into an agreement (the “Agreement 4”) with 吳川市盈潤置業有限公司 (the “Wuchuan Yingrun”). According to the Agreement 4, the Group purchased 72% equity interests of 吳川市茂源房地產開發有限公司 (the “Wuchuan Maoyuan”), an entity established in the PRC which principally engaged in property development and was previously held 72% equity shares by Wuchuan Yingrun, while the remaining 28% equity interests are held by 吳川市海濱街博茂居委清源居民小組 (the “Wuchuan Haibin”). In addition, the Group and Wuchuan Haibin agreed that after the completion of the development of property project by Wuchuan Maoyuan, the Group has to transfer 28% of completed properties to Wuchuan Haibin, in return Wuchuan Haibin have to contribute part of the land consideration at RMB44,154,580. The Group is responsible for project financing and project management. Wuchuan Haibin agreed not to involve in daily operation and management of this property project. In addition, Wuchuan Haibin has agreed not to share any profit or loss of Wuchuan Maoyuan.

Wuchuan Maoyuan is accounted for as a wholly owned subsidiary of the Company and Wuchuan Haibin has provided part of the land consideration at RMB44,154,580 to the Group to develop the property project in return to have 28% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 28% of completed properties of the property project to be delivered to Wuchuan Haibin is accounted for as provision of the Group in respect of the land cost contributed by Wuchuan Haibin.

- (e) On 21 December 2020, the Company entered into an agreement (the “Agreement 5”) with 陽江市隆騰匯盛投資有限公司、廣東集盛建設有限公司、羅子力、沈日輝、冼業攀 (collectively referred to as “Yangjiang Longteng and other former shareholders”). According to the Agreement 5, the Group purchased 100% equity interests of 陽江市臻騰投資發展有限公司 (the “Yangjiang Zhenteng”), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Yangjiang Longteng and other former shareholders. Before the transaction, Yangjiang Longteng and other former shareholders and 陽江市安基實業有限公司 (“Yangjiang Anji”) agreed that after the completion of the development of property project by Yangjiang Longteng and other former shareholders, Yangjiang Longteng and other former shareholders has to transfer 35% of completed properties to Yangjiang Anji, in return Yangjiang Anji have to contribute the land use right. After the transaction, the Group is responsible for project financing and project management. Yangjiang Anji agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Anji has agreed not to share any profit or loss of Yangjiang Zhenteng.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

42. PROVISIONS (Continued)

(e) (Continued)

Yangjiang Zhenteng is accounted for as a wholly owned subsidiary of the Company and Yangjiang Anji has provided the land use right to the Group to develop the property project in return to have 35% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 35% of completed properties of the property project to be delivered to Yangjiang Anji is accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Zhenteng.

(f) On 28 October 2019, the Company entered into an agreement (the "Agreement 6") with 衡陽市鼎業房地產開發有限公司 (the "Hengyang Dingye"). According to the Agreement 6, the Group purchased 100% equity interests of Project Hengyang Yinhuwan, a project run in the PRC and principally engaged in property development and was previously held 100% equity shares by Hengyang Dingye. In addition, the Group and Hengyang Dingye agreed that after the completion of the development of property project, the Group has to transfer 27% of completed properties to Hengyang Dingye, in return Hengyang Dingye have to contribute the land use right. The Group is responsible for project financing and project management. Hengyang Dingye agreed not to involve in daily operation and management of this property project. In addition, Hengyang Dingye has agreed not to share any profit or loss of Project Hengyang Yinhuwan.

Project Hengyang Yinhuwan is accounted for as a wholly owned project of the Company and Hengyang Dingye has provided the land use right to the Group to develop the property project in return to have 27% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 27% of completed properties of the property project to be delivered to Hengyang Dingye is accounted for as provision of the Group in respect of the land cost contributed by Hengyang Dingye.



42. PROVISIONS (Continued)

- (g) On 21 December 2019, the Company entered into an agreement (the “Agreement 7”) with 沈熾騰、羅子力 (the “former shareholders”). According to the Agreement 7, the Group purchased 100% equity interests of 陽江市萬山建築有限公司 (the “Yangjiang Wanshan”), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by the former shareholders. Before the transaction, the former shareholders and 陽江市沙屋房地產開發有限公司 (“Yangjiang Shawu”) agreed that after the completion of the development of property project by, the former shareholders, the former shareholders have to transfer 39.76% of completed properties to Yangjiang Shawu, in return Yangjiang Shawu have to contribute the land use right. After the transaction, the Group is responsible for project financing and project management. Yangjiang Shawu agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Shawu has agreed not to share any profit or loss of Yangjiang Wanshan.

Yangjiang Wanshan is accounted for as a wholly owned subsidiary of the Company and Yangjiang Wanshan has provided the land use right to the Group to develop the property project in return to have 39.76% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 39.76% of completed properties of the property project to be delivered to Yangjiang Shawu is accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Shawu.

- (h) On 27 March 2020, the Company entered into an agreement (the “Agreement 8”) with 陽江市萬晟建設有限公司 (the “Yangjiang Wansheng”). According to the Agreement 8, the Group purchased 70% equity interests of 廣東萬博實業有限公司 (the “Guangdong Wanbo”), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Yangjiang Wansheng. Before the transaction, Guangdong Wanbo and 陽江市陽東區報頭房地產開發有限公司 (“Yangdong Baotou”) agreed that after the completion of the development of property project by Guangdong Wanbo, Guangdong Wanbo has to transfer 40% of completed properties to Yangdong Baotou, in return Yangdong Baotou have to contribute the land use right. After the transaction, the Group is responsible for project financing and project management. Yangdong Baotou agreed not to involve in daily operation and management of this property project. In addition, Yangdong Baotou has agreed not to share any profit or loss of Guangdong Wanbo.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

42. PROVISIONS (Continued)

(h) (Continued)

Guangdong Wanbo is accounted for as a wholly owned subsidiary of the Company and Yangdong Baotou has provided the land use right to the Group to develop the property project in return to have 40% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 40% of completed properties of the property project to be delivered to Yangdong Baotou is accounted for as provision of the Group in respect of the land cost contributed by Yangdong Baotou.

(i) On 29 June 2020, the Company entered into an agreement (the "Agreement 9") with 萬山城市更新集團(廣東)有限公司 (the "Wanshan City Renewal"). According to the Agreement 9, the Group purchased 100% equity interests of 廣東萬匯置業有限公司 (the "Guangdong Wanhui"), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Wanshan City Renewal. Before the transaction, Wanshan City Renewal and 陽江市德豐房地產開發有限公司, 陽江市恒暉房地產開發有限公司, 陽江市晉升房地產開發有限公司 ("Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng") agreed that after the completion of the development of property project by Wanshan City Renewal, Wanshan City Renewal has to transfer 35% of completed properties to Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng, in return Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng have to contribute the land use right. After the transaction, the Group is responsible for project financing and project management. Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng has agreed not to share any profit or loss of Guangdong Wanhui.

Guangdong Wanhui is accounted for as a wholly owned subsidiary of the Company and Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng has provided the land use right to the Group to develop the property project in return to have 35% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 35% of completed properties of the property project to be delivered to Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng is accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng.



43. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2019	2,677,883,354	26,778
Share option exercised (<i>note</i>)	12,500,000	125
At 31 December 2019	2,690,383,354	26,903
Share option exercised (<i>note</i>)	12,500,000	125
At 31 December 2020	2,702,883,354	27,028
	2020	2019
	RMB'000	RMB'000
Shown in the consolidated financial statements as	25,567	25,453

Note:

All the new ordinary shares issued in 2020 and 2019 rank *pari passu* with the then existing shares in all respects.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling shareholders of subsidiaries disclosed in note 30, amounts due to joint ventures disclosed in note 38 and amounts due to associates disclosed in note 32, other payables disclosed in note 35, bank and other borrowings disclosed in note 39, senior notes and bonds disclosed in note 41, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital, reserves and retained profits.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

44. CAPITAL RISK MANAGEMENT (Continued)

The management of the Company review the capital structure periodically. As part of this review, the management of the Company assess budgets of major property projects taking into account of the provision of fundings. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised cost	115,860,548	89,204,584
Equity instruments at FVTOCI	628,517	245,777
Equity instruments at FVTPL	249,784	–
Financial assets at FVTPL	791,042	1,278,900
Financial liabilities		
Amortised cost	177,726,666	147,232,287
Financial liability at FVTPL	29,050	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTPL, equity instruments at FVTOCI, financial assets at FVTPL, structured deposits, trade and other receivables, amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to non-controlling shareholders of subsidiaries, joint ventures and associates, bank and other borrowings, senior notes and bonds and financial liability at FVTPL. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.



45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) *Interest rate risk*

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, other payables, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and non-controlling shareholders of subsidiaries and amounts due to joint ventures, senior notes and bonds and the interest bearing payables. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank borrowings and other payables at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the other payables and variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2019: 50) basis points increase or decrease is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 (2019: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2020 would decrease/increase by RMB81,268,000 (2019: decrease/increase by RMB88,075,000).



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, AUD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include bank and other borrowings, senior notes and bank balances at the end of respective reporting period and the carrying amounts are as follows:

	2020	2019
	RMB'000	RMB'000
<i>Assets</i>		
HKD	2,366,426	2,853,706
USD	6,418,338	6,306,494
Great Britain Pound ("GBP")	2	2
Japanese Yen ("JPY")	1	1
European dollars ("EUR")	665	356
AUD	61	112
<i>Intra-group balances</i>		
AUD	2,703,608	2,304,616
CAD	2,607,873	2,278,940
<i>Liabilities</i>		
HKD	5,722,125	6,055,223
USD	29,032,011	23,541,804
Singapore dollars ("SGD")	459,861	524,790



45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in post-tax profit for the year where RMB strengthens 5% (2019: 5%) against the relevant currency. For a 5% (2019: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit and the balances below would be negative.

	2020	2019
	RMB'000	RMB'000
Profit for the year		
<i>HKD</i>	174,259	160,290
<i>USD</i>	1,172,455	866,982
<i>GBP</i>	–	–
<i>JPY</i>	–	–
<i>EUR</i>	(25)	(13)
<i>AUD</i>	(135,221)	(115,236)
<i>CAD</i>	(130,394)	(113,947)
<i>SGD</i>	22,993	26,240

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually or based on provision matrix. For trade receivables with gross carrying amount of RMB2,376,794,000 (2019: RMB916,937,000), the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. No trade receivables nor contract assets at 31 December 2020 is identified as credit-impaired. The lifetime ECL provided for trade receivables and contract assets is RMB31,259,000 (2019: RMB3,547,000) (life-time not credit-impaired) for the year ended 31 December 2020 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 0.11% to 65.34% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables, amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model upon application of IFRS 9 on these outstanding balance.

For other receivables with gross carrying amount of RMB13,872,156,000 (2019: RMB14,147,971,000), the Group measures the loss allowance at 12m ECL. There has been no significant increase in credit risk since initial recognition for these financial assets. The balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.



45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0.01% to 2.01% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2020, the Group has provided 12m ECL amounting to RMB198,554,000 (2019: RMB107,337,000) for other receivables.

For amounts due from non-controlling shareholders, joint ventures and associates with gross carrying amount of RMB5,575,176,000, RMB23,266,055,000 and RMB1,040,784,000 (2019: RMB3,952,359,000, RMB2,483,612,000 and RMB464,419,000), respectively, at 31 December 2020, the Group measures the loss allowance at 12m ECL.

The Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. Taking into account the property assets held by non-controlling shareholders, joint ventures and associates, if applicable, in view of the strong financial capability of these debtors and considering the future prospects of the industry in which these debtors operate at, (i.e. the Group will consider the pre-sale plan of the property project held by joint ventures or associates, where applicable), the Group does not consider there is any significant risk of default or the loss given default is minimal and does not expect any losses from non-performance by these debtors, and accordingly, no impairment was recognised in respect of the amounts due from non-controlling shareholders, joint ventures and associates.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during both years.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

There has been no significant changes to estimation techniques or assumptions were made during the current year.

The concentration of credit risk in respect of trade receivables is minimal, of which the single largest customer as at 31 December 2020 represents approximately 15% (2019: 6%). No other customers represent more than 5% of the total trade receivables as at 31 December 2020 and 2019.

The Group also exposes to concentration of credit risk in respect of amounts due from certain non-controlling shareholders of subsidiaries, joint ventures and an associate at the amounts of RMB1,471,784,000, RMB3,493,680,000 and RMB298,545,000 (2019: RMB1,323,119,000, RMB736,211,000 and RMB206,190,000), respectively, representing 26%, 15% and 29% (2019: 33%, 30% and 44%) of total amounts due from non-controlling shareholders of subsidiaries, joint ventures and associates. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2020 and 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, 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 and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB110,426,549,000 (2019: RMB85,722,888,000) as at 31 December 2020. At the end of the reporting period, the management of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Details of the financial guarantee contracts are set out in note 50.



45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand	61 – 180 days	181 – 365 days	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flow	Total
		or less than 60 days							31 December 2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2020									
Trade and other payables	-	11,462,529	9,825,025	8,187,521	2,292,506	982,503	-	32,750,084	32,750,084
Amounts due to joint ventures	-	23,491,121	-	-	-	-	-	23,491,121	23,491,121
Amount due to a joint venture	4.00%	447,002	-	-	-	-	-	447,002	447,002
Amounts due to non-controlling shareholders of subsidiaries	-	5,481,613	-	-	-	-	-	5,481,613	5,481,613
Amounts due to associates	-	683,862	-	-	-	-	-	683,862	683,862
Bank and other borrowings	7.33%	6,125,821	14,512,099	23,227,108	23,868,198	20,601,503	2,625,819	90,960,548	80,953,294
Senior notes and bonds	7.41%	3,022,430	3,485,203	9,332,662	6,090,616	14,396,645	2,354,510	38,682,066	33,919,690
Financial guarantees contracts	-	110,426,549	-	-	-	-	-	110,426,549	-
		161,140,927	27,822,327	40,747,291	32,251,320	35,980,651	4,980,329	302,922,845	177,726,666
Lease liabilities	8.33%	48,169	84,004	131,390	211,267	398,379	215,852	1,089,061	669,397



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

45. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand or less than 60 days RMB'000	61 - 180 days RMB'000	181 - 365 days RMB'000	1 - 2 years RMB'000	2 - 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2019 RMB'000
2019									
Trade and other payables	-	9,839,271	8,433,661	7,028,051	1,967,854	843,367	-	28,112,204	28,112,204
Other payables - current	6.25%	5,565	542,549	-	-	-	-	548,114	534,210
Amounts due to joint ventures	-	11,813,851	-	-	-	-	-	11,813,851	11,813,851
Amount due to a joint venture	4.00%	6,000	902,877	-	-	-	-	908,877	900,000
Amounts due to non-controlling shareholders of subsidiaries	-	9,991,460	-	-	-	-	-	9,991,460	9,991,460
Amounts due to associates	-	116,632	-	-	-	-	-	116,632	116,632
Bank and other borrowings	7.93%	5,066,807	10,603,516	19,683,489	26,853,738	13,991,293	874,619	77,073,462	68,960,738
Senior notes and bonds	7.35%	3,493,445	393,424	6,217,494	9,958,076	10,732,055	-	30,794,494	26,803,192
Financial guarantees contracts	-	85,722,888	-	-	-	-	-	85,722,888	-
		126,055,919	20,876,027	32,929,034	38,779,668	25,566,715	874,619	245,081,982	147,232,287
Lease liabilities	8.53%	50,166	86,437	136,601	221,773	468,076	289,515	1,252,568	946,587

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 no amount will 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 for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.



45. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	31 December 2020	2019		
	RMB'000	RMB'000		
Equity instruments at FVTOCI – unlisted investments	462,120	145,780	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
Equity instruments at FVTOCI – listed investments	166,397	99,997	Level 1	Quoted price based on Shanghai and Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Equity instruments at FVTPL	249,784	–	Level 2	Discounted cash flow. Future cash flows are estimated based on expected return.
Financial assets at FVTPL	568,860	574,400	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of the underlying investments.
Financial assets at FVTPL – listed investments	222,182	–	Level 1	Quoted price based on Shanghai Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Structured deposits	–	704,500	Level 2	Discounted cash flow. Future cash flows are estimated based on expected return.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

45. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the year:

	Equity instruments at FVTOCI	Financial assets at FVTPL
	RMB'000	RMB'000
At 1 January 2019	31,465	524,400
Additions	112,260	50,000
Exchange realignment	2,055	–
Investment return	–	(33,595)
Change in fair value	–	33,595
At 31 December 2019	145,780	574,400
Additions	300,000	20,280
Acquisitions of subsidiaries	16,340	360
Matured	–	(50,281)
Change in fair value	–	24,101
At 31 December 2020	462,120	568,860

Except for the senior notes and bonds with fair value disclosed in note 41, equity instruments at FVTOCI disclosed in note 21, financial assets at FVTPL and structured deposits disclosed in note 33, the management of the Group consider that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair value of financial assets and financial liabilities (other than financial assets at FVTPL, structured deposits and senior notes and bonds) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.



46. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

For the year ended 31 December 2020

The Group elected to apply the optional concentration test in accordance with IFRS 3. For acquisitions in which the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets) acquired is concentrated in a single identifiable asset, the Group concluded that the acquired set of activities and assets is not a business. In an event where the concentration test is not met, management of the Company has performed a detailed assessment of the acquired subsidiaries which are engaged in property development that hold parcels of land but without significant process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries:

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
揚州中城同進房地產有限公司 (Yangzhou Zhongchengtongjin Property Development Co., Ltd.)	Jiangsu, the PRC	January	100%	666,726
鹽城和融房地產開發有限公司 (Yancheng Herong Property Development Co., Ltd.)	Jiangsu, the PRC	May	65%	87,450
廣東繁星置業投資有限公司 (Guangdong Fanxing Real Estate Investment Co., Ltd.)	Guangdong, the PRC	May	95% (Note ii)	132,270
江門市逸華投資有限公司 (Jiangmen Yihua Investment Co., Ltd.)	Guangdong, the PRC	May	95% (Note ii)	13,140



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
江門市華盈投資有限公司 (Jiangmen Huaying Investment Co., Ltd.)	Guangdong, the PRC	May	95% (Note ii)	–
西鹹新區綠城頤觀房地產有限公司 (Xixian New District Green City Yiguan Property Co., Ltd.)	Shaanxi, the PRC	April	100%	514,800
溫州市垠澤置業有限公司 (Wenzhou Yinze Real Estate Co., Ltd.)	Zhejiang, the PRC	May	51% (Note iii)	10,408
溫州市瀚陽置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd.)	Zhejiang, the PRC	May	51% (Note iii)	–
宿州新城金悅房地產開發有限公司 (Suzhou New City Jinyue Property Development Co., Ltd.)	Anhui, the PRC	May	51%	10,200
珠海潤達房地產開發有限公司 (Zhuhai Runda Property Development Co., Ltd.)	Guangdong, the PRC	May	60%	104,097
江蘇綠信置業有限公司 (Jiangsu Lvxin Real Estate Co., Ltd.)	Jiangsu, the PRC	June	30% (Note iv)	30,000



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
廊坊榮弘房地產開發有限責任公司 (Langfang Ronghong Property Development Co., Ltd.)	Hebei, the PRC	May	60%	368,835
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd.)	Zhaoqing, the PRC	September	100%	66,050
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd.)	Jiangyin, the PRC	November	100%	278,783
廣東萬博實業有限公司 (Guangdong Wanbo Industrial Co., Ltd.)	Yangjiang, the PRC	December	70% (Note v)	62,270
陽江市陽東區報頭房地產開發有限公司 (Yangjiang Yangdong Baitou Real Estate Development Co., Ltd.)	Yangjiang, the PRC	December	70% (Note v)	–
成都金證博澤科技有限公司 (Chengdu Jinzhenboze Technology Co., Ltd.)	Chengdu, the PRC	November	100%	276,118
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd.)	Dongguan, the PRC	October	100%	240,291



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd.)	Maoming, the PRC	October	60%	31,108
興寧敏尚房地產開發有限公司 (Xingning Minshang Real Estate Development Co. Ltd.)	Xingning, the PRC	November	50%	10,000
南昌威姚貿易有限公司 (Nanchang Weiyao Trading Co., Ltd.)	Nanchang, the PRC	November	100% (Note vi)	88,420
南昌航夢置業有限公司 (Nanchang Hangmeng Real Estate Co., Ltd.)	Nanchang, the PRC	November	100% (Note vi)	–
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd.)	Jingdezhen, the PRC	November	100% (Note vi)	–
廬山市金投置地有限公司 (Lushan Gold Investment Land Co. Ltd.)	Jiujiang, the PRC	November	100% (Note vi)	–
高安市宏利高投資發展有限公司 (Gao 'an Hongligao Investment Development Co., Ltd.)	Gaoan, the PRC	November	100%	102,500
高安市瑞興投資發展有限公司 (Gao 'an Ruixing Investment Development Co., Ltd.)	Gaoan, the PRC	November	100%	565,960
				3,659,426



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Notes:

- (i) The equity interest acquired represents the equity interest acquired by the acquirer.
- (ii) At the date of acquisition, the Group acquired 95% equity interest in both Guangdong Fanxing Real Estate Investment Co., Ltd (“Guangdong Fanxing”) and Jiangmen Yihua Investment Co., Ltd (“Jiangmen Yihua”). Guangdong Fanxing and Jiangmen Yihua are shareholders of Jiangmen Huaying Investment Co., Ltd (“Jiangmen Huaying”), which holds 90% and 10% of equity interest in Jiangmen Huaying, respectively.
- (iii) Wenzhou Hanyang Real Estate Co., Ltd is 100% owned subsidiary held by Wenzhou Yinze Real Estate Co., Ltd. The effective equity interest held by the Group is 51%.
- (iv) Jiangsu Lvxin Real Estate Co., Ltd (“Jiangsu Lvxin”) is a subsidiary of the Company although the Group holds 30% equity interest in Jiangsu Lvxin. The Company holds Jiangsu Lvxin indirectly through Xuzhou Aoye Real Estate Company Limited, a 100% subsidiary of the Company who holds a 30% equity interest in Jiangsu Lvxin. The board of directors of Jiangsu Lvxin comprise 3 directors. The Group has the power to appoint 2 directors in Jiangsu Lvxin and the relevant activities of Jiangsu Lvxin require 2/3 or above of directors approval. The management of the Group concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Jiangsu Lvxin and therefore the Group has control over Jiangsu Lvxin.
- (v) Yangjiang Yangdong Baitou Real Estate Development Co., Ltd is 100% owned subsidiary held by Guangdong Wanbo Industrial Co., Ltd. The effective equity interest held by the Group is 70%.
- (vi) Nanchang Hangmeng Real Estate Co., Ltd (“Nanchang Hangmeng”), Jingdezhen Jintou Land Co., Ltd (“Jingdezhen Jintou”) and Lushan Gold Investment Land Co. Ltd (“Lushan Gold”) are 100% owned subsidiaries held by Nanchang Weiyao Trading Co., Ltd (“Nanchang Weiyao”).

These transactions were accounted for as purchases of assets and liabilities. Details are summarised below:

	RMB'000
Consideration transferred:	
Cash consideration paid in current year	1,519,008
Deposits paid in prior year	1,694,264
Consideration payable due within one year included in trade and other payables (<i>note 35</i>)	446,154
	3,659,426



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Assets acquired and liabilities recognised at dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment (<i>note 14</i>)	3,215
Deferred tax assets (<i>note 22</i>)	412
Amount due from a joint venture	68,990
Properties for sale	15,059,425
Trade and other receivables	1,746,876
Amounts due from non-controlling shareholders	103,770
Tax recoverable	112,031
Bank balances and cash	1,533,015
Trade and other payables	(6,102,079)
Contract liabilities	(4,614,799)
Bank and other borrowings due within one year	(1,104,000)
Bank and other borrowings due over one year	(2,122,602)
Amounts due to non-controlling shareholders	(619,259)
Deferred tax liabilities (<i>note 22</i>)	(8,426)
	<u>4,056,569</u>
Less: Non-controlling interests (<i>Note</i>)	<u>(397,143)</u>
	<u>3,659,426</u>

Net cash inflows of cash and cash equivalents in respect of the above acquisitions:

	RMB'000
Bank balances and cash of the subsidiaries acquired	
Cash consideration paid	(1,519,008)
Less: cash and cash equivalent balances acquired	<u>1,533,015</u>
	<u>14,007</u>

Note: The non-controlling interests recognised at the acquisition date was measured in accordance with share of net assets at fair value.



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019

The Group acquired following subsidiaries at a total consideration of RMB4,559,465,000. The principal activities of acquired subsidiaries are engaged in property development, which held parcels of land but without significant process at the date of the acquisition. Therefore, in the opinion of the management of the Company, these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries:

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd)	Anhui, the PRC	February	40% (Note ii)	44,445
名業發展(福建)有限公司 (Mingye Development (Fujian) Co., Ltd)	Fujian, the PRC	February	55%	55,000
杭州昊創商貿有限公司 (Hangzhou Haochuang Trading Co., Ltd)	Zhejiang, the PRC	March	51% (Note vii)	10,408
浙江朝華房地產開發有限公司 (Zhejiang Chaohua Real Estate Development Co., Ltd)				
惠州獅峰實業有限公司 (Huizhou Shifeng Industrial Co., Ltd)	Guangdong, the PRC	May	100%	418,839
湖州瑞輝房地產開發有限公司 (Huzhou Ruihui Real Estate Development Co., Ltd)	Zhejiang, the PRC	May	60%	50,000
湖州瑞融房地產開發有限公司 (Huzhou Ruirong Real Estate Development Co., Ltd)	Zhejiang, the PRC	May	60%	24,000



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
中山市攀雲房地產開發有限公司 (Zhongshan Panyun Real Estate Development Co., Ltd)	Guangdong, the PRC	January	51%	62,449
瀘州合府置業有限公司 (Luzhou Hefu Real Estate Co., Ltd)	Sichuan, the PRC	June	51%	52,040
南充合府置業有限公司 (Nanchong Hefu Real Estate Co., Ltd)	Sichuan, the PRC	June	51%	31,230
貴港市顧榮房地產開發有限公司 (Guigang Guirong Real Estate Development Co., Ltd)	Guangxi, the PRC	June	60%	296,440
廣西瀚鑫房地產開發有限公司 (Guangxi Hanxin Real Estate Development Co., Ltd)	Guangxi, the PRC	April	60%	112,776
河北綠科房地產開發有限公司 (Hebei Ivke Real Estate Development Co., Ltd)	Hebei, the PRC	March	45% (Note iii)	81,820
合肥七彩世界置業有限公司 (Hefei Qikai Real Estate Co., Ltd)	Anhui, the PRC	June	100%	463,000
邢臺市宏耀房地產開發有限公司 (Xingtai Hongyao Real Estate Development Co., Ltd)	Hebei, the PRC	July	51%	31,230



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
新鄭市忘我置業有限公司 (Xinzheng Wangwo Real Estate Co., Ltd)	Henan, the PRC	August	100%	126,501
福安世林地產開發有限公司 (Fuan Shilin Real Estate Development Co., Ltd)	Fujian, the PRC	December	51%	10,408
世林地產開發有限公司 (Shilin Real Estate Development Co., Ltd) and 漳州世林房地產開發有限公司 (Zhangzhou Shilin Real Estate Development Co., Ltd)	Fujian, the PRC	December	51% (Note vii)	52,041
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd)	Jiangsu, the PRC	December	51%	152,449
合肥金水置業有限公司 (Hefei Jinshui Real Estate Development Co., Ltd)	Hebei, the PRC	December	100%	130,000
徐聞縣樹源房地產投資有限公司 (Xuwen Shuyuan Real Estate Development Co., Ltd)	Guangdong, the PRC	November	60%	15,000
上饒市悅盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd)	Jiangxi, the PRC	August	51%	10,200



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired <i>(Note i)</i>	Consideration RMB'000
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd)	Jiangxi, the PRC	August	100%	89,989
馬鞍山億景置業有限公司 (Ma'anshan Yijing Real Estate Co., Ltd)	Anhui, the PRC	December	40% <i>(Note iv)</i>	40,000
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd)	Chongqing, the PRC	September	45% <i>(Note v)</i>	180,000
重慶天聯置業有限責任公司 (Chongqing Tianlian Real Estate Co., Ltd)				
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd)				
五華縣新永宏腳手架材料有限公司 (Wuhua Xinyonghong Scaffolding material Co., Ltd)	Guangdong, the PRC	December	100%	193,000
興甯敏駿房地產開發有限公司 (Xingning Minjun Real Estate Development Co., Ltd)	Guangdong, the PRC	November	38% <i>(Note vi)</i>	6,129
宣城世茂卓盈房地產開發有限公司 (Xuancheng Shimaozhuoying Real Estate Development Co., Ltd)	Anhui, the PRC	November	51%	10,200



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note i)	Consideration RMB'000
邢臺市宏煜房地產開發有限公司 (Xingtai Hongyu Real Estate Development Co., Ltd)	Hebei, the PRC	September	60%	75,000
徐州鴻濤居房地產開發有限公司 (Xuzhou Hongtaoju Real Estate Development Co., Ltd)	Jiangsu, the PRC	August	60%	454,674
嘉善譽鴻房地產開發有限責任公司 (Jiashan Yuhong Real Estate Development Co., Ltd)	Zhejiang, the PRC	November	100%	34,153
藤縣中顧置業投資有限公司 (Tengxian Zhonggu Real Estate Investment Co., Ltd)	Guangxi, the PRC	November	60%	15,000
廣州市合勝實業發展有限公司 (Guangzhou Hesheng Industrial Development Co., Ltd)	Guangxi, the PRC	November	65%	65,000
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd)	Xi'an, the PRC	August	83%	951,349
廣州東壘塑膠製品有限公司 (Guangzhou Donglang Plastics Co., Ltd)	Guangdong, the PRC	July	100%	214,695
				4,559,465



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Notes:

- (i) The equity interest acquired represents the equity interest acquired by acquirer.
- (ii) Chaohu Jinshi Real Estate Co., Ltd (“Chaohu Jinshi”) is a subsidiary of the Company although the Group holds 40% equity interest in Chaohu Jinshi. The board of directors of Chaohu Jinshi comprises 3 directors. The Group has the power to appoint 2 directors in Chaohu Jinshi and the relevant activities of Chaohu Jinshi require 2/3 or above of directors approval. The management of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Chaohu Jinshi and therefore the Group has control over Chaohu Jinshi.
- (iii) Hebei Lvke Real Estate Development Co., Ltd (“Hebei Lvke”) is a subsidiary of the Company although the Group holds 45% equity interest in Hebei Lvke. The board of directors of Hebei Lvke comprises 3 directors. The Group has the power to appoint 2 directors in Hebei Lvke and the relevant activities of Hebei Lvke require 2/3 or above of directors approval. The management of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Hebei Lvke and therefore the Group has control over Hebei Lvke.
- (iv) Ma’anshan Yijing Real Estate Co., Ltd (“Ma’anshan Yijing”) is a subsidiary of the Company although the Group holds 40% equity interest in Ma’anshan Yijing. The board of directors of Ma’anshan Yijing comprises 3 directors. The Group has the power to appoint 2 directors in Ma’anshan Yijing and the relevant activities of Ma’anshan Yijing require 2/3 or above of directors approval. The management of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Ma’anshan Yijing and therefore the Group has control over Ma’anshan Yijing.
- (v) Chongqing Kejue Enterprise Management Co., Ltd (“Chongqing Kejue”), which holds 100% equity interests of Chongqing Tianlian Real Estate Co., Ltd (“Chongqing Tianlian”) and Chongqing Yizun Investment Co., Ltd (“Chongqing Yizun”), is a subsidiary of the Company although the Group holds 45% equity interest in Chongqing Kejue. The board of directors of Chongqing Kejue comprises 4 directors. The Group has the power to appoint 3 directors in Chongqing Kejue and the relevant activities of Chongqing Kejue require 1/2 or above of directors approval. The management of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Chongqing Kejue and therefore the Group has control over Chongqing Kejue and its subsidiaries.
- (vi) Xingning Minjun Real Estate Development Co., Ltd (“Xingning Minjun”), is a subsidiary of the Company although the Group holds 38% equity interest in Xingning Minjun. The board of directors of Xingning Minjun comprise 3 directors. The Group has the power to appoint 2 directors in Xingning Minjun and the relevant activities of Xingning Minjun require 2/3 or above of directors approval. The management of the company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Xingning Minjun and therefore the Group has control over Xingning Minjun.
- (vii) At the date of acquisition, the Group acquired 51% equity interest in both Hangzhou Haochuang Trading Co., Ltd (“Haochuang”) and Shilin Real Estate Development Co., Ltd (“Shilin”). Haochuang holds 100% equity interests in Zhejiang Chaohua Real Estate Development Co., Ltd while Shilin holds 100% equity interest in Zhangzhou Shilin Real Estate Development Co., Ltd.



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Assets acquired and liabilities recognised at dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment (note 14)	17,391
Investment properties (note 16)	213,300
Deposit paid for acquisition of land use right	501,202
Deferred tax assets (note 22)	10,223
Properties for sale	20,553,311
Trade and other receivables	1,553,220
Amounts due from non-controlling shareholders	180,002
Tax recoverable	285,780
Bank balances and cash	2,240,286
Trade and other payables	(6,223,871)
Contract liabilities	(5,868,257)
Bank and other borrowings due within one year	(46,948)
Bank and other borrowings due over one year	(3,409,060)
Amounts due to non-controlling shareholders	(3,551,433)
Deferred tax liabilities (note 22)	(5,949)
	6,449,197
Less: Non-controlling interests (Note)	(1,889,732)
	4,559,465

Net cash outflow of cash and cash equivalents in respect of the above acquisitions:

	RMB'000
Bank balances and cash of the subsidiaries acquired	
Cash consideration paid in current period	(2,606,661)
Less: cash and cash equivalent balances acquired	2,240,286
	(366,375)

Note: The non-controlling interests recognised at the acquisition date was measured in accordance with share of net assets at fair value.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business

For the year ended 31 December 2020

During the current year, the Group acquired following subsidiaries at a total consideration of RMB1,443,273,000. These transaction has been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, following companies became indirect wholly-owned subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the property management services.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired	Consideration RMB'000
樂生活智慧社區服務集團股份有限公司 ("Easy Life")	Beijing, the PRC	September	80%	247,904
寧波宏建物業服務有限公司 ("Ningbo Hongjian")	Ningbo, the PRC	July	65%	35,300
奧園美谷科技股份有限公司 ("Aoyuan Beauty Valley")	Hubei, the PRC	July	29.93%	1,160,069
				<hr/> 1,443,273 <hr/>

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2020 (Continued)

Fair value of assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Property, plant and equipment (<i>note 14</i>)	1,419,836
Right-of-use assets	282,533
Investment properties (<i>note 16</i>)	1,120,554
Intangible assets (<i>note 18</i>)	302,719
Interests in associates	14,898
Deferred tax assets (<i>note 22</i>)	80,814
Equity instruments at FVTPL	157,516
Equity instruments at FVTOCI	56,780
Deposit paid for acquisition of property, plant and equipment	242,420
Properties for sale	6,194,483
Inventories	207,737
Trade and other receivables	979,876
Amounts due from non-controlling shareholders of subsidiaries	19,639
Financial assets at FVTPL	360
Tax recoverable	31,696
Restricted bank deposits	5,129
Bank balances and cash	484,711
Trade and other payables	(2,304,639)
Contract liabilities	(1,704,731)
Amounts due to non-controlling shareholders of subsidiaries	(163,375)
Tax liabilities	(59,600)
Lease liabilities	(1,208)
Bonds (<i>note 41</i>)	(110,951)
Deferred income	(273,653)
Bank borrowings	(2,738,675)
Deferred tax liabilities (<i>note 22</i>)	(638,452)
	<u>3,606,417</u>
Less: non-controlling interest of acquired subsidiaries	<u>(1,179,269)</u>
	<u>2,427,148</u>

The fair value of trade and other receivables and amounts due from non-controlling shareholders of subsidiaries at the date of acquisition amounted to RMB999,515,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB1,016,989,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected is RMB17,474,000.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2020 (Continued)

	RMB'000
Cash consideration paid in current year	1,423,818
Consideration payable due within one year included in amounts due to non-controlling shareholders of subsidiaries (<i>note 35</i>)	19,455
Plus: non-controlling interest	1,668,528
Less: recognised amounts of net assets acquired	<u>(2,427,148)</u>
Goodwill arising on acquisition	<u>684,653</u>

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to RMB2,847,797,000.

Goodwill arose on the acquisition of above subsidiaries because the acquisition included the assembled workforce and some potential contracts which do not meet the criteria for identifiable intangible assets as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	(1,423,818)
Bank balances and cash acquired	<u>484,711</u>
	<u>(939,107)</u>

Included in the profit for the year ended 31 December 2020 was a profit of RMB31,401,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2020 includes RMB341,463,000 generated from the acquired subsidiaries.



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2020 (Continued)

Had the acquisition been completed on 1 January 2020, the Group's revenue for the year ended 31 December 2020 would have been RMB68,351,998,000, and profit for the year ended 31 December 2020 would have been RMB6,859,185,000. 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.

For the year ended 31 December 2019

During the current year, the Group acquired following subsidiaries at a total consideration of RMB500,003. These transaction has been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, following companies became indirect wholly-owned subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the property management services.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired <i>(Note i)</i>	Consideration RMB
珠海市奧園鴻日物業管理有限公司 (Zhuhai Aoyuan Hongri Property Management Co., Ltd) ("Zhuhai Hongri")	Zhuhai, the PRC	July	100%	1
重慶潤輝物業管理有限公司 (Chongqing Runhui Property Management Co., Ltd) ("Chongqing Runhui")	Chongqing, the PRC	July	100%	1
湘潭雅高物業有限責任公司 (Xiangtan Yagao Property Management Co., Ltd)("Xiangtan Yagao")	Xiangtan, the PRC	July	100%	500,000
恩平市水禾田物業服務有限公司 (Enping Shuihetian Property Services Co., Ltd)("Enping Shuihetian")	Enping, the PRC	October	100%	1
				500,003



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2019 (Continued)

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Property, plant and equipment (<i>note 14</i>)	210
Intangible assets (<i>note 18</i>)	2,365
Trade and other receivables	5,163
Bank balances and cash	420
Trade and other payables	(6,022)
Contract liabilities	(1,046)
Deferred tax liabilities (<i>note 22</i>)	(590)
Consideration	500
Consideration transferred:	
Cash	500

The fair value of trade and other receivables at the date of acquisition amounted to RMB5,163,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB5,163,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected is nil.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	(500)
Bank balances and cash acquired	420
	(80)

Included in the profit for the year ended 31 December 2019 was a profit of RMB2,399,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2019 includes RMB12,214,000 generated from the acquired subsidiaries.



46. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2019 (Continued)

Had the acquisition been completed on 1 January 2019, the Group's revenue for the year ended 31 December 2019 would have been RMB50,264,056,000, and profit for the year ended 31 December 2019 would have been RMB5,222,433,000. 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 2019, nor is it intended to be a projection of future results.

47. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2020

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Total Consideration RMB'000
Yangjiang Runxin Property Company Limited 陽江市潤信置業有限公司	PRC	85%	100%	36,465
Chongqing Kejue Company Management Limited 重慶柯爵企業管理有限公司	PRC	45% <i>(Note i)</i>	80% <i>(Note i)</i>	436,387
Chongqing Yizun Investment Company Limited 重慶億尊投資有限公司	PRC	45% <i>(Note i)</i>	80% <i>(Note i)</i>	–
Chongqing Tianlian Property Company Limited 重慶天聯置業有限責任公司	PRC	45% <i>(Note i)</i>	80% <i>(Note i)</i>	–
Guangzhou Aoyu Real Estate Exploitation Company Limited 廣州奧譽房地產開發有限公司	PRC	54%	100%	1,000,000



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

47. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Total Consideration RMB'000
Guangzhou Lingyuan Property Company Limited 廣州凌苑置業有限公司	PRC	66% (Note ii)	100% (Note ii)	500,000
Hengyang Shi'an Real Estate Development Co., Ltd. 衡陽市世安房地產開發有限公司	PRC	66% (Note ii)	100% (Note ii)	–
Changde Jinsu Real Estate Company Limited 常德市金粟置業有限責任公司	PRC	35%	100%	231,082
Aoyuan (Shenzhen) City Renewal Company Limited 奧園(深圳)城市更新有限公司	PRC	51%	100%	3,000,000
Guangdong Aoyuan City Renewal Group Company Limited 廣東奧園城市更新集團有限公司	PRC	51%	100%	3,000,000
Beijing Aoyuan Huafu Property Company Limited 北京奧園華富置業有限公司	PRC	51%	100%	28,460
Nanning Langpu Property Company Limited 南寧朗普置業有限公司	PRC	51% (Note iii)	100% (Note iii)	500,000
Jiashan Yuhong Real Estate Development Co., Ltd 嘉善譽鴻房地產開發有限責任公司	PRC	76% (Note iii)	100% (Note iii)	–



47. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Total Consideration RMB'000
Zhuhai Hanhui Consulting Limited 珠海市瀚暉諮詢有限公司	PRC	51% (Note iv)	100% (Note iv)	200,000
Zhongshan Hualigao Real Estate Investment Limited 中山市華利高房地產投資有限公司	PRC	51% (Note v)	100% (Note iv)	–
Aoyuan Real Estate (Wuhan) Company Limited 奧園地產(武漢)有限公司	PRC	67%	100%	638,370
Zhengzhou Puyuan Jinghan Property Management Company Limited 鄭州市圃苑京漢物業管理有限公司	PRC	60%	100%	400
				9,571,164

Notes:

- (i) Chongqing Yizun Investment Company Limited (“Chongqing Yizun”) and Chongqing Tianlian Property Company Limited (“Chongqing Tianlian”) are 100% owned subsidiaries held by Chongqing Kejue Company Management Limited (“Chongqing Kejue”).
- (ii) Hengyang Shi’an Real Estate Development Co., Ltd. is 100% owned subsidiary held by Guangzhou Lingyuan Property Company Limited.
- (iii) Jiashan Yuhong Real Estate Development Co., Ltd is 100% in aggregate owned subsidiary held by Nanning Langpu Property Company Limited and Aoyuan Group Chongqing Property Company Limited.
- (iv) Zhongshan Hualigao Real Estate Investment Limited is 100% owned subsidiary held by Zhuhai Hanhui Consulting Limited (“Zhuhai Hanhui”).

These acquisitions have been accounted for as equity transactions and the total difference between the consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB709,126,000 had been recognised directly in special reserve.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

47. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2019

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Total consideration RMB'000
Chongqing Aoyu Property Company Limited	PRC	87.5%	100%	200,000
Yangzhou Aoyuan Property Development Co., Ltd	PRC	51%	100%	900,000
Guangzhou Kangwei Group Ltd	PRC	51%	100%	235,830
Chongqing Xinhongyang Industrial Co., Ltd	PRC	85%	100%	60,320
Fujian Zhilifang Real Estate Development Co., Ltd	PRC	80%	100%	20,000
Hebei Lvke Real Estate Development Co., Ltd	PRC	45%	98%	249,000
Guangzhou Shangyu Real Estate Co., Ltd	PRC	80%	100%	35,182
Haotaiguanhui (Guangzhou) Real Estate Co., Ltd	PRC	80%	100%	4,887



47. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Total consideration RMB'000
Aoyuan Group Chongqing Property Company Limited	PRC	51 %	100%	407,000
Shenzhen Lanwan Hongsheng Investment Company Limited ("Hongsheng Investment")	PRC	51 %	80%	1,400,000
Chongqing Jinao Property Company Limited	PRC	60%	100%	1,000,000
				4,512,219

These acquisitions have been accounted for as equity transactions and the total difference between the consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB413,652,000 had been recognised directly in special reserve.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 31 December 2020

The Group disposed following subsidiaries at a total consideration of RMB2,772,666,000. These transactions are accounted for as disposal of subsidiaries.

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Hongyu (Guangzhou) Real Estate Co., Ltd 弘譽(廣州)置業有限公司	Guangdong, the PRC	January	100%	–	100,000
and Meizhou Huangjiamingdian Property Development Co., Ltd 梅州皇家名典房地產開發有限公司	Guangdong, the PRC	January	51%	–	–
Huizhou Ganghong Property Development Co., Ltd 惠州市崗宏房地產開發有限公司	Guangdong, the PRC	January	51%	–	100,000
Huizhou Huiyang Jindeming Industrial Co., Ltd 惠州市惠陽區金德明實業有限公司	Guangdong, the PRC	April	70%	–	56,008
Zuhai Aoyu Real Estate Co., Ltd 珠海奧譽置業有限公司	Guangdong, the PRC	April	100%	51%	17,597
Guangzhou Shangyu Real Estate Co., Ltd 廣州尚宇置業有限公司	Guangdong, the PRC	May	100%	51%	77,672
and Foshan Hengshuntong Property Development Co., Ltd 佛山市恒順通房地產開發有限公司	Guangdong, the PRC	May	100%	51%	–
Zuhai Aoyuan Huisheng Real Estate Co., Ltd 珠海奧園匯盛置業有限公司	Guangdong, the PRC	April	100%	51%	196,078



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Chongqing Zhanyi Trade Co., Ltd 重慶展宜貿易有限責任公司	Chongqing, the PRC	June	100%	51%	28,820
Chengdu Aoyu Real Estate Co., Ltd 成都市奧譽置業有限公司	Chengdu, the PRC	April	100%	51%	131,472
Guangzhou Aorong Real Estate Co., Ltd 廣州奧榮置業有限公司	Guangdong, the PRC	June	100%	80%	120,000
Zhuhai Haichen Investment Co., Ltd 珠海市海辰投資有限公司	Guangdong, the PRC	March	80%	–	221,493
Zhongshan Panyun Property Development Co., Ltd 中山市攀雲房地產開發有限公司	Guangdong, the PRC	January	51%	–	77,709
Foshan Sehngdeli Property Co., Ltd 佛山市聖德利房地產有限公司	Guangdong, the PRC	March	100%	–	27,625
Beijing River Garden Property Management Co., Ltd 北京市溪水花園物業管理有限公司	Beijing, the PRC	March	100%	51%	367,500
Ruichang Aoyuan Real Estate Co., Ltd 瑞昌奧園置業有限公司	Jiangxi, the PRC	March	100%	79%	74,000
Xinzheng Wangwo Real Estate Co., Ltd 新鄭市忘我置業有限公司	Henan, the PRC	April	100%	51%	117,143



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Xian Aoyuan Junyuan Property Development Co., Ltd 西安奧園駿遠房地產開發有限公司 and	Shaanxi, the PRC	April	100%	51%	159,608
Xixian New District Green City Yuguan Property Co., Ltd 西鹹新區綠城頤觀房地產有限公司	Shaanxi, the PRC	April	100%	51%	–
Chengdu Aoyuan Jinguan Real Estate Co., Ltd 成都奧園錦官置業有限公司 and	Chengdu, the PRC	July	100%	60%	–
Chengdu Aoyuan Jingsheng Real Estate Development Co. Ltd 成都奧園景盛房地產開發有限公司	Chengdu, the PRC	July	100%	60%	–



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Guangdong Aoyuan Education Investment Development Group Co. Ltd 廣東奧園教育投資發展集團有限公司 and	Guangdong, the PRC	December	100%	51%	-
Guangzhou Aoya Investment Co., Ltd 廣州奧雅投資有限公司 and	Guangdong, the PRC	December	100%	51%	-
Guangzhou Aofu Investment Co., Ltd 廣州奧富投資有限公司 and	Guangdong, the PRC	December	60%	31%	-
Guangzhou Aozhi Investment Co., Ltd 廣州奧智投資有限公司 and	Guangdong, the PRC	December	60%	31%	-
Guangzhou Kewang Investment Co., Ltd 廣州科旺投資有限公司 and	Guangdong, the PRC	December	60%	31%	-
Guangzhou Aoyuan Culture Media Co. Ltd 廣州奧園文化傳媒有限公司 and	Guangdong, the PRC	December	100%	51%	-
Guangzhou Yue Xin Culture Media Service Co. Ltd 廣州悅新文化傳媒服務有限公司	Guangdong, the PRC	December	100%	51%	-



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Guangdong Aoyuan Cross-border E-commerce Group Co. Ltd 廣東奧園跨境電商集團有限公司 and	Guangdong, the PRC	December	100%	60%	100,000
Guangdong Aomygod Internet Technology Information Service Co., Ltd 廣州奧買家互聯網科技信息服務有限公司	Guangdong, the PRC	December	100%	60%	–
Guangdong Aoyuan Aomygod E-Commerce Co. Ltd and its subsidiaries 廣東奧園奧買家電子商務有限公司及其子公司	Guangdong, the PRC	December	76%	46%	–
Guangzhou Yue Times E-Commerce Co., Ltd 廣州越時代電子商務有限公司	Guangdong, the PRC	December	100%	51%	–
Ningbo Aoyu Enterprise Management Consulting Co., Ltd. 寧波奧宇企業管理諮詢有限公司 and	Ningbo, the PRC	August	100%	70%	3,000
Ningbo Aoyu Real Estate Co., Ltd 寧波奧譽置業有限公司	Ningbo, the PRC	August	100%	70%	–
Wuhan Aoxi Yuetuo Technology Co., Ltd 武漢奧禧悅拓科技有限公司	Wuhan, the PRC	September	88%	51%	3,000



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Zhengzhou Aojin Real Estate Co., Ltd 鄭州奧錦置業有限公司	Henan, the PRC	September	100%	60%	10,000
and Xinzheng Chenwang Real Estate Co., Ltd 新鄭市宸望置業有限公司	Henan, the PRC	September	100%	60%	–
Guangdong Aotuo Pension Investment Co., Ltd. 廣東奧拓養老投資有限公司	Guangdong, the PRC	December	100%	51%	19,220
and Guangdong Aoyuan Wisdom Valley Science Park Co., Ltd 廣東奧園智慧谷科技園有限公司	Guangdong, the PRC	December	100%	51%	–
Guangzhou Aoyuan Department Store Co., Ltd 廣州奧園百貨有限公司	Guangdong, the PRC	December	100%	–	50,000
Guangzhou Aoyuan Group Material Equipment Purchasing Co. Ltd and its subsidiaries 廣州奧園集團材料設備採購有限公司及其子公司	Guangdong, the PRC	December	100%	51%	177,000
Guangzhou Suiyu Real Estate Co., Ltd 廣州穗譽置業有限公司	Guangdong, the PRC	July	100%	51%	4,804
Shanghai Aogang Technology Co., Ltd 上海奧港科技有限公司	Shanghai, the PRC	December	100%	51%	–



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest before disposal	Equity interest after disposal	Consideration RMB'000
Sichuan Aoyuan Tianjiao Real Estate Co., Ltd 四川奧園天驕置業有限公司	Chengdu, the PRC	December	100%	60%	66,667
and Chengdu Aoyuan Yixin Real Estate Co., Ltd 成都奧園怡心置業有限公司	Chengdu, the PRC	December	100%	60%	–
Zhenjiang Aoyi Real Estate Co., Ltd 鎮江奧熠置業有限公司	Zhenjiang, the PRC	December	100%	70%	26,250
Guangzhou Shangpin Real Estate Agency Co. Ltd 廣州尚品房產代理有限公司	Guangdong, the PRC	December	100%	–	10,000
Dongguan Aoyuan Wanmei Real Estate Development Co., Ltd. 東莞市奧園萬美房地產開發有限公司	Guangdong, the PRC	July	100%	–	430,000
and Dongguan Guanke Industrial Investment Co., Ltd 東莞市冠科實業投資有限公司	Guangdong, the PRC	July	100%	–	–
Huaiyuan zhenda real estate co. Ltd 懷遠縣振大置業有限公司	Anhui, the PRC	July	100%	–	–
					2,772,666



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

The Group has also disposed of certain subsidiaries during the year ended 31 December 2020 through revising the Articles of Association of these subsidiaries. During the current year, the revised Articles of Association of these entities became effective and has stipulated that unanimous consent of the directors are required on making relevant operating decisions.

The board of directors of the disposed subsidiaries are involved in daily operations and management of the property development project. Before the revision of these entities' Articles of Association, the Group was able to appoint 3 out of 5 or 2 out of 3 directors to the board of directors of these entities and simple majority was required on making daily operating decisions. After the revision of these entities' Articles of Association, the Group are not able to control the activities without co-operation of the other investors, and each party cannot individually control these entities. After considering the above fact and circumstances, the directors of the Company concluded that the Group does not have the power of control over these entities since the effective dates of the revised Articles of Association of these entities. As a result, the Group has lost control over these entities and that these entities have become joint ventures of the Group.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
Property, plant and equipment (<i>note 14</i>)	54,706
Right-of-use assets	14,274
Investment properties (<i>note 16</i>)	991,411
Interests in joint ventures	47,305
Deferred tax assets (<i>note 22</i>)	32,112
Deposit paid for acquisition of a subsidiary	479,041
Properties for sale	21,282,885
Inventories	72,834
Trade and other receivables	5,024,376
Amounts due from joint ventures	454,070
Amounts due from non-controlling shareholders of subsidiaries	806,785
Tax recoverable	407,196
Restricted bank deposits	20,995
Bank balances and cash	5,898,483
Amounts due from subsidiaries of the Group	16,287,839
Trade and other payables	(5,343,366)
Contract liabilities	(7,541,869)
Amount due to a joint venture	(300,000)
Amounts due to subsidiaries of the Group	(13,094,183)
Amounts due to non-controlling shareholders of subsidiaries	(448,836)
Tax liabilities	(242,104)
Bank and other borrowings due within one year	(9,279,014)
Bank and other borrowings due over one year	(11,474,890)
Lease liabilities	(15,916)
Deferred tax liabilities (<i>note 22</i>)	(180,025)
Net assets disposed of	<u>3,954,109</u>



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2020 (Continued)

Gain on disposal of subsidiaries

	RMB'000
Cash consideration	2,772,666
Retained interests in joint ventures	1,050,090
Net assets disposed of	(3,954,109)
Non-controlling interests	<u>1,359,151</u>
Gain on disposal	<u>1,227,798</u>

Net cash outflows arising from disposal of subsidiaries:

	RMB'000
Cash consideration received	2,772,666
Less: bank balances and cash of the subsidiaries disposal of	<u>(5,898,483)</u>
	<u>(3,125,817)</u>

For the year ended 31 December 2019

The Group disposed following subsidiaries at a total consideration of RMB1,331,254,000. These transactions are accounted for as disposal of subsidiaries.

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest disposed	Consideration RMB'000
Meizhou Aotai Property Development Co., Ltd ("Meizhou Aotai") 梅州市奧泰置業有限公司	Guangdong, the PRC	October	49%	124,902
Huizhou Zhongtianhaizhou Industrial Co., Ltd 惠州市中天海州實業有限公司	Guangdong, the PRC	October	100%	100,000



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest disposed	Consideration RMB'000
Taixing New Energy Hancheng Property Development Co., Ltd and Taixing New Energy Real Estate Development Co., Ltd 泰興市新能源邗城置業有限公司和泰興市新能源房地產開發有限公司	Jiangsu, the PRC	July	100%	200,000
Guangzhou Yuanxi Trading Co., Ltd 廣州緣喜商貿有限公司	Guangdong, the PRC	September	100%	2,000
Huizhou Hengchuang Jianye Real Estate Development Co., Ltd 惠州市恒創建業房地產開發有限公司	Guangdong, the PRC	July	51%	50,198
Guangdong Aoyue Health Management Consulting Co., Ltd ("Guangdong Aoyue") 廣東奧悅健康管理諮詢有限公司 (Note i)	Guangdong, the PRC	June	70%	–
Foshan Junyu Real Estate Co., Ltd ("Foshan Junyu") 佛山市鈞裕置業有限公司 (Note ii)	Guangdong, the PRC	July	–	–
Huizhou Shifeng Industrial Co., Ltd 惠州獅峰實業有限公司	Guangdong, the PRC	December	49%	700,000
Guangzhou Hesheng Property Development Co., Ltd 廣州和昇置業有限公司	Guangdong, the PRC	December	49%	9,608



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Name of subsidiaries disposed	Place of establishment/ incorporation	Disposal completed in	Equity interest disposed	Consideration RMB'000
Hengtai Property Development (Guangzhou) Co., Ltd 恒太置業(廣州)有限公司	Guangdong, the PRC	December	49%	9,608
Guangzhou Jianguan Property Development Co., Ltd ("Guangzhou Jianguan") 廣州建冠置業有限公司	Guangdong, the PRC	November	11%	25,840
Guangdong Shanshuichanlin Cultural Industry Co., Ltd 廣東山水禪林文化產業有限公司	Guangdong, the PRC	November	49%	96,080
Jinhua Xingyao Cultural Performance Co., Ltd 金華星耀文化演藝有限公司	Zhejiang, the PRC	November	49%	960
Guangzhou Shengyu Construction Material Co., Ltd 廣州盛譽建築材料有限公司	Guangdong, the PRC	November	49%	2,450
Guangzhou Mingshang Property Development Co., Ltd 廣州銘尚置業有限公司	Guangdong, the PRC	November	49%	9,608
				1,331,254

Note i: The deemed disposal of Guangdong Aoyue is resulted from an increase in its registered capital by equity contribution from an independent third party.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Note ii: Foshan Junyu was a subsidiary of the Company before 31 July 2019, which was held by Guangdong Aoyuan Xianyu Business Zongheti Investment Management Group Co., Ltd (“Guangdong Xianyu”), and Guangdong Junming Investment Holding Co., Ltd (“Guangdong Junming”, the non-controlling shareholder) of 51% and 49%, respectively. On 31 July 2019, a revised Articles of Association of Foshan Junyu became effective and has stipulated that unanimous consent of the directors are required on making relevant operating decisions.

The board of directors of disposed entity is involved in daily operations and management of the property development project. Before the revision of the Articles of Association, Guangdong Xianyu appointed 2 out of 3 directors to the board of directors and simple majority was required on making daily operating decisions. After the revision of the Articles of Association, Guangdong Xianyu is not able to control the activities without co-operation of the other investors, and each party cannot individually control Foshan Junyu. After considering the above fact and circumstances, the management of the Company concluded that the Group does not have the power of control over Foshan Junyu since the effective date of the revised Articles of Association of Foshan Junyu.

On 31 July 2019, the Group lost control over Foshan Junyu. Foshan Junyu has become a joint venture of the Group since 31 July 2019.

Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
Property, plant and equipment (note 14)	13,866
Inventories	1,945
Intangible asset (note 18)	470
Properties for sale	4,398,758
Trade and other receivables	261,318
Amounts due from non-controlling shareholders of subsidiaries	98,640
Tax recoverable	31,970
Bank balances and cash	1,232,579
Deferred tax assets (notes 22)	8,739
Amounts due from subsidiaries of the Group	3,917,233
Trade and other payables	(1,881,833)
Amounts due to subsidiaries of the Group	(548,128)
Amounts due to non-controlling shareholders of subsidiaries	(2,582)
Contract liabilities	(1,048,443)
Tax liabilities	(173,805)
Bank borrowings	(3,523,461)
Net assets disposed of	<u>2,787,266</u>



48. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

For the year ended 31 December 2019 (Continued)

Gain on disposal of subsidiaries

	RMB'000
Cash consideration	1,331,254
Retained interests in joint ventures	1,447,839
Net assets disposed of	(2,787,266)
Non-controlling interests	182,899
Gain on disposal	<u>174,726</u>

Net cash inflow arising from disposal of subsidiaries:

	RMB'000
Cash consideration received	1,331,254
Less: bank balances and cash of the subsidiaries disposal of	<u>(1,232,579)</u>
	<u>98,675</u>

(b) Deemed disposal of partial interests in subsidiaries without loss of control

For the year ended 31 December 2020

- (i) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB60,000,000 to 廣東奧園奧買家電子商務有限公司, Guangdong Aoyuan Aomygod E-Commerce Co., Ltd. ("Guangdong Aomygod"), resulting in the dilution of equity interest in Guangdong Aomygod held by the Group from 81% to 76%. The Group continuously control over Guangdong Aomygod after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangdong Aomygod disposed. Guangdong Aomygod was subsequently disposed of and became a joint venture in December 2020, details please refer to note 48 (a).



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2020 (Continued)

- (ii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB4,500,000,000 to 奧園(深圳)城市更新有限公司, Aoyuan Shenzhen City Renewal Co., Ltd. ("Shenzhen City Renewal"), resulting in the dilution of equity interest in Shenzhen City Renewal held by the Group from 100% to 51%. The Group continuously control over Shenzhen City Renewal after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Shenzhen City Renewal disposed of.
- (iii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB4,500,000,000 to 廣東奧園城市更新集團有限公司, Guangdong Aoyuan City Renewal Group Co., Ltd. ("Guangdong City Renewal"), resulting in the dilution of equity interest in Guangdong City Renewal held by the Group from 100% to 51%. The Group continuously control over Guangdong City Renewal after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangdong City Renewal disposed of.
- (iv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB1,600,000,000 to 廣州尚軒置業有限公司, Guangzhou Shangxuan Property Development Co., Ltd. ("Guangzhou Shangxuan"), resulting in the dilution of equity interest in Guangzhou Shangxuan held by the Group from 100% to 60%. The Group continuously control over Guangzhou Shangxuan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Shangxuan disposed of.
- (v) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB638,370,000 to 奧園地產(武漢)有限公司, Aoyuan Property Wuhan Co., Ltd. ("Wuhan Property"), resulting in the dilution of equity interest in Wuhan Property held by the Group from 100% to 51%. The Group continuously control over Wuhan Property after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Wuhan Property disposed of.



48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2020 (Continued)

- (vi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB200,000,000 to 珠海市瀚暉諮詢有限公司, Zhuhai Hanhui Consulting Co., Ltd. ("Zhuhai Hanhui"), resulting in the dilution of equity interest in Zhuhai Hanhui held by the Group from 100% to 51%. The Group continuously control over Zhuhai Hanhui after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Zhuhai Hanhui disposed of.
- (vii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB117,400,000 to 福州奧園置業有限公司, Fuzhou Aoyuan Property Development Co., Ltd. ("Fuzhou Aoyuan"), resulting in the dilution of equity interest in Fuzhou Aoyuan held by the Group from 100% to 80%. The Group continuously control over Fuzhou Aoyuan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Fuzhou Aoyuan disposed of.
- (viii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB113,770,000 to 湖州奧冠置業有限公司, Huzhou Aoguan Property Development Co., Ltd. ("Huzhou Aoguan"), resulting in the dilution of equity interest in Huzhou Aoguan held by the Group from 100% to 90%. The Group continuously control over Huzhou Aoguan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Huzhou Aoguan disposed of.
- (ix) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB400,000,000 to 湛江市奧泰房地產開發有限公司, Zhanjiang Aotai Real Estate Co., Ltd. ("Zhanjiang Aotai"), resulting in the dilution of equity interest in Zhanjiang Aotai held by the Group from 100% to 60%. The Group continuously control over Zhanjiang Aotai after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Zhanjiang Aotai disposed of.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2020 (Continued)

- (x) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB160,000,000 to 廣州宏富投資有限公司, Guangzhou Hongfu Investment Co., Ltd. ("Guangzhou Hongfu"), resulting in the dilution of equity interest in Guangzhou Hongfu held by the Group from 100% to 80%. The Group continuously control over Guangzhou Hongfu after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Hongfu disposed of.
- (xi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB600,000,000 to 廣州奧康投資有限公司, Guangzhou Aokang Investment Co., Ltd. ("Guangzhou Aokang"), resulting in the dilution of equity interest in Guangzhou Aokang held by the Group from 100% to 51%. The Group continuously control over Guangzhou Aokang after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Aokang disposed of.
- (xii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB150,000,000 to 惠州市泰恒晟房地產開發有限公司, Huizhou Taihengsheng Real Estate Co., Ltd. ("Huizhou Taihengsheng"), resulting in the dilution of equity interest in Huizhou Taihengsheng held by the Group from 100% to 80%. The Group continuously control over Huizhou Taihengsheng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Huizhou Taihengsheng disposed of.
- (xiii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB100,000,000 to 廣州港欣投資有限公司, Guangzhou Gangxin Investment Co., Ltd. ("Guangzhou Gangxin"), resulting in the dilution of equity interest in Guangzhou Gangxin held by the Group from 100% to 51%. The Group continuously control over Guangzhou Gangxin after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Gangxin disposed of.



48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2020 (Continued)

- (xiv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB377,216,000 to 安吉銀瑞房地產開發有限公司, Anji Yinrui Real Estate Co., Ltd. ("Anji Yinrui"), resulting in the dilution of equity interest in Anji Yinrui held by the Group from 100% to 73%. The Group continuously control over Anji Yinrui after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Anji Yinrui disposed of.
- (xv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB22,000,000 to 常熟奧宸置業有限公司, Changshu Aosheng Property Development Co., Ltd. ("Changshu Aosheng"), resulting in the dilution of equity interest in Changshu Aosheng held by the Group from 100% to 70%. The Group continuously control over Changshu Aosheng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Changshu Aosheng disposed of.
- (xvi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB300,000,000 to 廣州奧鵬投資有限公司, Guangzhou Aopeng Investment Co., Ltd. ("Guangzhou Aopeng"), resulting in the dilution of equity interest in Guangzhou Aopeng held by the Group from 100% to 81%. The Group continuously control over Guangzhou Aopeng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Aopeng disposed of.

For the year ended 31 December 2019

- (i) During the year ended 31 December 2019, the Group's subsidiary 奧園健康生活集團有限公司, Aoyuan Healthy Life Group Co., Ltd has completed its listing on the Main Board of the Stock Exchange and its dealings in the Aoyuan Healthy Life's ordinary shares with a nominal value of HK\$0.01 each, resulting in the dilution of equity interest in Aoyuan Healthy Life held by the Group from 75.5% to 54.6%. The Group remains to control over Aoyuan Healthy Life after the partial disposal. The difference between the capital injected by the public shareholders, amounting to RMB596,829,000, net of share issuance cost, and the attributable equity interests in Aoyuan Healthy Life deemed disposed of amounting to RMB297,044,000 was credited to special reserve.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2019 (Continued)

- (ii) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB500,000,000 to 廣州凌苑置業有限公司, Guangzhou Lingyuan Property Development Co., Ltd. (“Guangzhou Lingyuan”), resulting in the dilution of equity interest in Guangzhou Lingyuan held by the Group from 100% to 66%. The Group continuously control over Guangzhou Lingyuan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Lingyuan disposed of.
- (iii) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB125,000,000 to 珠海奧園港盛置業有限公司, Zhuhai Aoyuan Gangsheng Property Development Co., Ltd. (“Zhuhai Gangsheng”), resulting in the dilution of equity interest in Zhuhai Gangsheng held by the Group from 100% to 60%. The Group continuously control over Zhuhai Gangsheng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Zhuhai Gangsheng disposed of.
- (iv) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB1,500,000,000 to 深圳弘譽泰富房地產有限公司, Shenzhen Hongyu Taifu Real Estate Co., Ltd. (“Hongyu Taifu”), resulting in the dilution of equity interest in Hongyu Taifu held by the Group from 100% to 51%. The Group continuously control over Hongyu Taifu after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Hongyu Taifu disposed of.
- (v) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB397,500,000 to 南寧朗譜置業有限公司, Nanning Langpu Property Development Co., Ltd. (“Nanning Langpu”), resulting in the dilution of equity interest in Nanning Langpu held by the Group from 100% to 51%. The Group continuously control over Nanning Langpu after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Nanning Langpu disposed of.



48. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (Continued)

For the year ended 31 December 2019 (Continued)

- (vi) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB500,000,000 to 廣州宏順投資有限公司, Guangzhou Hongshun Investment Co., Ltd. ("Guangzhou Hongshun"), resulting in the dilution of equity interest in Guangzhou Hongshun held by the Group from 100% to 80%. The Group continuously control over Guangzhou Hongshun after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Hongshun disposed of.
- (vii) During the year ended 31 December 2019, an independent third party injected capital amounting to RMB137,200,000 to 重慶奧航房地產開發有限公司, Chongqing Aohang Real Estate Development Co., Ltd. ("Chongqing Aohang"), resulting in the dilution of equity interest in Chongqing Aohang held by the Group from 100% to 51%. The Group continuously control over Chongqing Aohang after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Chongqing Aohang disposed of.
- (viii) During the year ended 31 December 2019, two independent third parties injected capital amounting to RMB5,900,000 to 泉州奧嘉置業有限公司, Quanzhou Aojia Property Development Co., Ltd. ("Quanzhou Aojia"), resulting in the dilution of equity interest in Quanzhou Aojia held by the Group from 100% to 41%. The Group continuously control over Quanzhou Aojia after the partial disposal. There is no difference between the capital injected by the independent third parties and the attributable equity interests in Quanzhou Aojia disposed of.
- (ix) During the year ended 31 December 2019, two independent third parties injected capital amounting to RMB500,000,000 to 廣州欣潤置業有限公司, Guangzhou Xinrun Property Development Co., Ltd. ("Guangzhou Xinrun"), resulting in the dilution of equity interest in Guangzhou Xinrun held by the Group from 100% to 51%. The Group continuously control over Guangzhou Xinrun after the partial disposal. There is no difference between the capital injected by the independent third parties and the attributable equity interests in Guangzhou Xinrun disposed of.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

	Non-cash changes									
	At									At 31
	1 January 2020 RMB'000	Financing cash flow RMB'000	Interest paid RMB'000	Acquisition of subsidiaries RMB'000	Finance cost of the year RMB'000	Non-cash financing RMB'000	Disposal of subsidiaries RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	December 2020 RMB'000
Amounts due to non-controlling shareholders of subsidiaries	9,991,460	(4,843,645)	-	782,634	-	-	(448,836)	-	-	5,481,613
Amounts due to joint ventures	12,713,851	8,482,365	-	-	27,374	(13,273,306)	15,987,839	-	-	23,938,123
Amounts due to associates	116,632	567,230	-	-	-	-	-	-	-	683,862
Bank and other borrowings	68,960,738	27,573,269	(5,795,107)	5,965,277	5,883,666	-	(20,753,904)	-	(880,645)	80,953,294
Senior notes and bonds	26,803,192	8,394,933	(1,948,497)	110,951	2,296,623	-	-	-	(1,737,512)	33,919,690
Lease liabilities	946,587	(293,927)	-	1,208	69,324	(37,879)	(15,916)	-	-	669,397
Other payables	534,210	(534,210)	(13,417)	-	13,417	-	-	-	-	-
Dividend payable	-	(1,479,711)	-	-	-	-	-	1,479,711	-	-
Dividend payable to non-controlling shareholders of subsidiaries	-	(476,786)	-	-	-	-	-	476,786	-	-
At 31 December 2020	120,066,670	37,389,518	(7,757,021)	6,860,070	8,290,404	(13,311,185)	(5,230,817)	1,956,497	(2,618,157)	145,645,979



49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	At		Non-cash changes							At 31 December 2019
	1 January 2019	Financing cash flow	Interest paid	Acquisition of subsidiaries	Finance cost of the year	Non-cash financing	Disposal of subsidiaries	Dividend declared	Foreign exchange losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to non-controlling shareholders of subsidiaries	2,352,730	1,282,879	-	3,551,433	-	2,807,000	(2,582)	-	-	9,991,460
Loans from non-controlling shareholders of subsidiaries	1,696,630	(543,330)	(118,576)	-	118,576	(1,153,300)	-	-	-	-
Amounts due to joint ventures	2,402,017	7,641,088	(31,000)	-	52,471	(719,830)	3,369,105	-	-	12,713,851
Amounts due to associates	49	116,583	-	-	-	-	-	-	-	116,632
Bank and other borrowings	40,751,350	26,836,044	(5,048,816)	3,456,008	5,094,512	1,153,300	(3,523,461)	-	241,801	68,960,738
Senior notes and bonds	16,970,161	9,117,818	(1,581,923)	-	2,076,100	-	-	-	221,036	26,803,192
Lease liabilities	584,098	(231,182)	-	-	77,462	516,209	-	-	-	946,587
Other payables	539,998	(36,188)	(32,518)	-	32,518	-	-	-	30,400	534,210
Dividend payable	-	(990,794)	-	-	-	-	-	990,794	-	-
At 31 December 2019	65,297,033	43,192,918	(6,812,833)	7,007,441	7,451,639	2,603,379	(156,938)	990,794	493,237	120,066,670

50. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2020 RMB'000	2019 RMB'000
Guarantees given to banks in connection with facilities granted to third parties	85,590,445	77,693,508
Guarantees given to banks in connection with facilities granted to joint ventures	23,831,604	8,029,380
Guarantees given to banks in connection with facilities granted to associates	1,004,500	-



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

50. FINANCIAL GUARANTEE CONTRACTS (Continued)

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain purchasers of the Group's properties and agreed to repay the outstanding mortgaged loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the management of the Company, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

The Group had provided guarantees in respect of banking facilities granted by banks to the Group's joint ventures, respectively. In the opinion of the management of the Company, the fair value of guarantee contracts are insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

51. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Contingent rental for certain properties was charged to tenants and was determined by a certain percentage of turnover earned by the tenants upon they exceed the pre-determined monthly rental. The contingent rental income recognised during the year ended 31 December 2020 amounted to RMB13,532,000 (2019: RMB32,761,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 21 years.

Minimum lease payments receivable on leases are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	216,700	264,189
In the second year	185,297	246,524
In the third year	148,160	218,578
In the fourth year	122,931	183,461
In the fifth year	105,678	162,534
After five years	587,501	1,572,374
	1,366,267	2,647,660

Rental from certain tenants of an investment property are determined at the amount of the higher of a specified percentage of their turnover and a fixed monthly rental. The remaining properties are expected to generate rental yields of average 0.35% to 5.05% per annum on an on-going basis.



52. OTHER COMMITMENTS

At the end of respective reporting period, the Group has other commitments as follow:

	2020 RMB'000	2019 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	29,680,917	32,078,329
Commitments for acquisition of land use rights contracted for but not provided in the consolidated financial statements	–	141,506
Commitments for acquisitions of subsidiaries contracted for but not provided in the consolidated financial statements	–	2,575,369
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	610,916	306,310
Construction cost commitment in respect of building under development contracted for but not provided in the consolidated financial statements	202,383	486,967
Commitments for acquisition of a joint venture contracted for but not provided in the consolidated financial statements	119,735	162,509
Construction cost commitments for a healthcare and medical beauty industrial complex contracted for but not provided in the consolidated financial statements	–	399,339
Commitments for registered capital injection in a joint venture	51,200	51,200

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2020 RMB'000	2019 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	6,975,991	3,480,381



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

53. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment	1,975,802	925,936
Right-of-use assets	71,904	189,864
Investment properties	3,931,825	4,809,375
Restricted bank deposits	15,542,317	8,710,791
Properties for sale	45,131,432	45,056,061
	66,653,280	59,692,027

The Group's equity interests in certain subsidiaries, which hold certain pledged properties under development for sale included above, have been pledged to secure certain banking facilities granted to the Group.

54. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 13 September 2007 for the primary purpose of providing incentives to directors and eligible employees.

At 31 December 2019, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,500,000, representing 0.46% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Consideration of HK\$1 is payable on the grant of an option. Options may be exercised according to the schedule set out below. The exercise price is determined by the management of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.



54. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

Details of specific categories of options are as follows:

Option type	No. of options granted after the adjustment	Date of grant	Vesting period	Exercise period	Exercise price after the adjustment HK\$	Fair value/ share at grant dates HK\$
2016A	5,000,000	12 December 2016	N/A	12 December 2016 to 31 December 2017	1.778	0.08
2016B	5,000,000	12 December 2016	12 December 2016 to 31 December 2017	1 January 2018 to 31 December 2018	1.778	0.26
2018A1	2,500,000	16 July 2018	16 July 2018 to 31 December 2018	1 January 2019 to 30 June 2019	5.522	1.130
2018A2	5,000,000	16 July 2018	16 July 2018 to 31 December 2018	1 January 2019 to 30 June 2019	5.522	1.131
2018B1	1,250,000	16 July 2018	16 July 2018 to 30 June 2019	1 July 2019 to 31 December 2019	5.522	0.662
2018B2	3,750,000	16 July 2018	16 July 2018 to 30 June 2019	1 July 2019 to 31 December 2019	5.522	0.664
2018C1	2,500,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	1.133
2018C2	5,000,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	1.138
2018D1	1,250,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	0.473
2018D2	3,750,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	0.478



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

54. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

2018B1, 2018B2, 2018D1 and 2018D2 options are vested only in the event when the share price of the Company reached more than HK\$10 and trading volume of the shares of the Company related more than 3,000,000 per day for consecutive 5-day period during the vesting period.

The following table disclose movement's of the Company's share options held by the directors and employees during the current and prior years:

Option type	Outstanding	Granted	Exercised	Expired	Outstanding	Granted	Exercised	Expired	Outstanding
	at				at				at
	1 January	during	during	during	31 December	during	during	during	31 December
	2019	the year	the year	the year	2019	the year	the year	the year	2020
	'000	'000	'000	'000	'000	'000	'000	'000	'000
			(Note)				(Note)		
2016B	-	-	-	-	-	-	-	-	-
2018A1	2,500	-	(2,500)	-	-	-	-	-	-
2018A2	5,000	-	(5,000)	-	-	-	-	-	-
2018B1	1,250	-	(1,250)	-	-	-	-	-	-
2018B2	3,750	-	(3,750)	-	-	-	-	-	-
2018C1	2,500	-	-	-	2,500	-	(2,500)	-	-
2018C2	5,000	-	-	-	5,000	-	(5,000)	-	-
2018D1	1,250	-	-	-	1,250	-	(1,250)	-	-
2018D2	3,750	-	-	-	3,750	-	(3,750)	-	-
	25,000	-	(12,500)	-	12,500	-	(12,500)	-	-
Exercisable at the end of the year	-	-	-	-	-	-	-	-	-
Weighted average exercise price (HK\$)	-	-	5.522	-	-	-	5.522	-	-

Note: In respect of the share options exercised during the year, the weighted average share price at the date of exercise was HK\$9.33 (2019: HK\$10.30).



54. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

These fair values were calculated using the Binominal model and Monte Carlo simulation. The inputs into the models were as follows:

	2016A	2016B	2018A1	2018A2	2018B1	2018B2	2018C1	2018C2	2018D1	2018D2
Weighted average share price										
Exercise price	HK\$1.778	HK\$1.778	HK\$5.522	HK\$5.522	HK\$5.522	HK\$5.522	HK\$5.522	HK\$5.522	HK\$5.522	HK\$5.522
Expected volatility	28%	41%	61%	61%	53.7%	53.7%	48%	48%	48%	48%
Expected life	1 year	2 years	1 year	1 year	1.45 years	1.45 years	2 years	2 years	2 years	2 years
Risk-free rate	0.676%	0.907%	1.69%	1.69%	1.76%	1.76%	1.83%	1.83%	1.83%	1.83%
Expected dividend yield	8%	8%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate was determined by yield of Hong Kong Government Bond with maturity nearest to the expiration date of the share options.

The Group recognised the total expense of RMB7,869,000 for the year ended 31 December 2019 in relation to share options granted by the Company and share option reserve of RMB9,300,000 (2019: RMB10,056,000) has been transferred to share premium as the share option was exercised during the year ended 31 December 2020 in relation to share options granted by the Company.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

54. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

The number of share options granted that are expected to be vested has been reduced to reflect the historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

The Binomial model and Monte Carlo simulation have been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the management of the Company best estimate. The value of an option varies with different variables of certain subjective assumptions.

55. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

Contribution to the defined contribution plans in Australia and Canada are made by the employer based on a certain percentage of the employees' salaries and wages.

The Group recognised the retirement benefit contributions of RMB132,373,000 (2019: RMB112,500,000) for the year ended 31 December 2020.



56. RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had material transactions during the year with related parties as follows:

Related party	Nature of transaction	2020 RMB'000	2019 RMB'000
Joint ventures	Interest income	118,257	–
Joint ventures	Interest expense	27,374	52,471
Joint ventures	Property management services income	79,422	9,554
Joint ventures	Services income	–	9,368
Joint ventures	Construction services	35,914	174,732
Non-controlling shareholders of subsidiaries (<i>note</i>)	Interest income	15,935	23,003
Non-controlling shareholders of subsidiaries (<i>note</i>)	Interest expense	–	118,576
Directors	Property management services income	–	26
Associate	Services income	204	2,587
Associate	Rental income	3,019	2,091
Associate	Other expenses	5,196	42,265

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

- (b) The remuneration of key management personnel during the year is as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	50,044	60,988
Share-based payments	–	7,869
Retirement benefit scheme contributions	552	428
	50,596	69,285

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

57. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- * Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- * Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- * Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2020 RMB'000	2019 RMB'000		
Equity instruments at FVTOCI – unlisted investments	462,120	145,780	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
Equity instruments at FVTOCI – listed investments	166,397	99,997	Level 1	Quoted price based on Shanghai and Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).



57. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2020 RMB'000	2019 RMB'000		
Equity instruments at FVTPL – unlisted investments	249,784	–	Level 3	Discounted cash flow. Future cash flows are estimated based on average spending of customer, number of customers with expected return and discounted at a rate that reflects the internal rate of return of the underlying investments.
Financial assets at FVTPL	791,042	574,400	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of the underlying investments.
Structured deposits	–	704,500	Level 2	Discounted cash flow. Future cash flows are estimated based on expected return.
Financial liability at FVTPL – contingent consideration	29,050	–	Level 3	Discounted cash flow. Future cash flows are estimated based on average spending of customers, number of customers with expected return.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of principal subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
Add Hero holding Limited ("Add Hero") (note a)	British Virgin Islands ("BVI")	100%	100%	US\$10,000	Investment holding	Limited liability company
130 Elizabeth Street Pty Ltd	Australia	70%	70%	AUD10,000	Property development	N/A
Prime Gordon Pty Ltd	Australia	100%	100%	AUD1,000	Property development	N/A
Prime Moss Vale Pty Ltd	Australia	100%	100%	AUD1,000	Property development	N/A
Prime Esplanade Development Pty Ltd (Formerly known as Prime ABC Pty Ltd)	Australia	87.5%	87.5%	AUD1,000	Property development	N/A
Prime Woollooware 3 Pty Ltd	Australia	75%	75%	AUD1,000	Property development	N/A
Prime Woollooware 4 Pty Ltd	Australia	75%	75%	AUD1,000	Property development	N/A
5799 Yonge Street Limited Partnership	Canada	100%	100%	CAD1,000	Property development	N/A
Capital Benefit Limited	HK	100%	100%	HKD1	Property development	Limited liability company
Greatmax International Limited	HK	100%	100%	HKD1	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
奧園集團有限公司 (Aoyuan Group Company Limited)	PRC	100%	100%	RMB6,110,000,000	Investment holding, loan financing and property	Limited liability company
廣州奧園資產經營管理有限公司 (Guangzhou Aoyuan Assets of Management Company Limited)	PRC	100%	100%	RMB50,000,000	Provision of consultancy services	Limited liability company
江門江奧地產開發有限公司 (Jiangmen Jiangao Real Estate Development Company Limited)	PRC	51%	51%	RMB50,000,000	Property development	Limited liability company
瀋陽奧園新城置業有限公司 (Shenyang Aoyuan New City Property Company Limited)	PRC	100%	100%	RMB1,030,000,000	Property development	Limited liability company
廣州奧譽房地產開發有限公司 (Guangzhou Aoyu Real Estate Exploitation Company Limited)	PRC	100% (note 47)	54%	HK\$1,390,000,000	Property development	Limited liability company
廣州南沙奧園養生酒店有限公司 (Guangzhou Nansha Aoyuan Health Hotel Company Limited)	PRC	100%	100%	RMB110,000,000	Hotel operation	Limited liability company
雲浮奧園置業有限公司 (Yun Fun Aoyuan Properties Company Limited)	PRC	100%	100%	RMB50,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
重慶粵奧置業有限公司 (Chongqing Yueao Property Company Limited)	PRC	100%	100%	RMB450,000,000	Property development	Limited liability company
奧園集團重慶置業有限公司 (Aoyuan Group Chongqing Property Company Limited)	PRC	100%	100%	RMB784,313,725	Property development	Limited liability company
廣州康威集團有限公司 (Guangzhou Kangwei Group Company Limited)	PRC	100%	100%	RMB150,000,000	Property development	Limited liability company
佛山市南海奧譽房地產開發有限公司 (Foshan Nanhai Ao Yu Real Estate Development Company Limited)	PRC	100%	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(梅州)有限公司 (Aoyuan Group (Meizhou) Company Limited)	PRC	100%	100%	RMB380,000,000	Property development	Limited liability company
佛山奧冠置業有限公司 (Foshan Aoguan Property Company Limited)	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
奧園集團(佛山)置業有限公司 (Foshan Aoyuan Property Company Limited)	PRC	100%	100%	RMB50,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
奧園集團(英德)有限公司 (Yingde Aoyuan Group Company Limited)	PRC	51%	51%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aaoyuan Group Company Limited)	PRC	100%	100%	RMB180,000,000	Property development	Limited liability company
重慶奧譽置業有限公司 (Chongqing Aoyu Property Company Limited)	PRC	100%	100%	RMB1,600,000,000	Property development	Limited liability company
蕉嶺奧園廣場有限公司 (Jiaoling Aoyuan Square Company Limited)	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
重慶錦奧置業有限公司 Chongqing Jinao Property Company Limited	PRC	100%	100%	RMB2,519,702,072	Property development	Limited liability company
五華奧園廣場有限公司 (Wuhua Aoyuan Square Company Limited)	PRC	100%	100%	RMB200,000,000	Property development	Limited liability company
廣東蕉嶺建築工程集團有限公司 Guangdong Jiaoling Construction Engineering Group Company Limited.	PRC	100%	100%	RMB300,000,000	Construction & design	Limited liability company
廣西瀚林地產開發有限公司 Guangxi Hanlin Property Development Company Limited	PRC	100%	100%	RMB200,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
安徽勤聯房地產開發有限公司 Anhui Qinlian Property Development Company Limited	PRC	100%	100%	RMB150,000,000	Property development	Limited liability company
廣東奧園投資有限公司 (曾用名：廣東奧園瀚林投資有限公司) Guangdong Aoyuan Investment Company Limited, formerly known as Guangdong Aoyuan Hanlin Investment Company Limited	PRC	100%	100%	RMB100,000,000	Investment holding	Limited liability company
安徽瀚德房地產開發有限公司 Anhui Hande Property Development Company Limited	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
安徽瀚華房地產開發有限公司 Anhui Hanhua Property Development Company Limited	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
珠海市梅溪置業有限公司 Zhuhai Meixi Property Company Limited	PRC	93%	93%	RMB10,000,000	Property development	Limited liability company
瀏陽奧園廣場房地產開發有限公司 Liyang Aoyuan Plaza Property Development Company Limited	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
玉林奧園置業有限公司 Yulin Aoyuan Property Company Limited	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
成都宜華置業有限公司 Chengdu Yihua Property Company Limited	PRC	100%	100%	RMB1,500,000,000	Property development	Limited liability company
深圳市泰富華瀾灣置業有限公司 Shenzhen Taifuhua Lanwan Property Company Limited	PRC	56%	56%	RMB200,000,000	Property development	Limited liability company
深圳市瀾灣弘盛投資有限公司 Shenzhen Lanwan Hongsheng Investments Company Limited	PRC	80%	80%	RMB71,400,000	Investment holding	Limited liability company
廣州市雄泰房地產開發有限公司 Guangzhou Xiongtai Property Development Co., Ltd	PRC	100%	100%	RMB520,000,000	Property development	Limited liability company
惠州市泰華房地產開發有限公司 Huizhou Taihua Property Development Co., Ltd	PRC	100%	100%	RMB80,000,000	Property development	Limited liability company
惠州市泰瑞房地產開發有限公司 Huizhou Tairui Property Development Co., Ltd	PRC	100%	100%	RMB35,680,000	Property development	Limited liability company
惠州市泰宏房地產開發有限公司 Huizhou Taihong Property Development Co., Ltd	PRC	100%	100%	RMB35,680,000	Property development	Limited liability company
中山市華利高房地產投資有限公司 Zhongshan Hualigao Property Investment Co., Ltd	PRC	100%	100%	RMB25,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
佛山市南海恒德勝嘉置業有限公司 Foshan Nanhai Hengde Shengjia Properties Co., Ltd	PRC	100%	100%	RMB250,000,000	Property development	Limited liability company
深圳市秋銘投資發展有限公司 Shenzhen Qiuming Investment Development Co., Ltd	PRC	100%	100%	RMB833,333,333	Property development	Limited liability company
寧波海拓置業有限公司 Ningbo Haituo Real Estate Company Limited	PRC	100%	100%	RMB160,000,000	Property development	Limited liability company
寧波天派置業有限公司 Ningbo Tianpai Real Estate Company Limited	PRC	100%	100%	RMB150,000,000	Property development	Limited liability company
寧波迪賽前豐置業有限公司 Ningbo Disai Qianfeng Real Estate Company Limited	PRC	100%	100%	RMB210,000,000	Property development	Limited liability company
中山市三鄉鎮宏泰房地產開發有限公司 Zhongshan Sanxiang Hongtai Real Estate Development Co., Ltd	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
中山市金磚永固置業發展有限公司 Zhongshan Jinzhuanyonggu Property Co., Ltd	PRC	77%	77%	RMB152,277,483	Property development	Limited liability company
惠州大亞灣房利美投資有限公司 Huizhou Dayawan Fanglimei Investment Co., Ltd	PRC	100%	100%	RMB17,680,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
惠州市元谷實業有限公司 Huizhou Yuangu Industrial Co., Ltd	PRC	100%	100%	RMB50,000,000	Property development	Limited liability company
湘潭星舟置業有限責任公司 Xiangtan Xingzhou Property Development Co., Ltd	PRC	100%	100%	RMB68,000,000	Property development	Limited liability company
福建省華力偉業置地有限公司 Fujian Hualiweiyi Property Co., Ltd	PRC	55%	55%	RMB200,000,000	Property development	Limited liability company
寧波逸榮達置業有限公司 Ningbo Yirongda Property Co., Ltd.	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
青島星海灣置業有限公司 Qingdao Xinghai Bay Properties Limited	PRC	80%	80%	RMB50,000,000	Property development	Limited liability company
珠海來利科技有限公司 Zhuhai Laili Technology Co., Ltd	PRC	70%	70%	RMB80,000,000	Property development	Limited liability company
泰興市奧新置業有限公司 Taixing Aoxin Property Co., Ltd.	PRC	51%	51%	RMB204,080,000	Property development	Limited liability company
中山市銳大房地產有限公司 Zhongshan Rui Da real estate Co., Ltd	PRC	95%	95%	RMB20,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
惠州市合富地產開發有限公司 Huizhou Hefu Real Estate Development Co., Ltd.	PRC	80%	80%	RMB56,650,000	Property development	Limited liability company
成都環美置業有限公司 Chengdu Huan Mei Co., Ltd.	PRC	100%	100%	RMB1,863,160,000	Property development	Limited liability company
惠州龍圓房地產開發有限公司 Huizhou Longyuan Real Estate Development Co., Ltd.	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
青島盛季金茂建設發展有限公司 Qingdao Shengji Jinmao Construction Development Co., Ltd.	PRC	64%	64%	US\$200,000,000	Property development	Limited liability company
惠州市鴻泰昌實業有限公司 Huizhou Hongtaichang Industrial Co., Ltd.	PRC	100%	100%	RMB71,120,000	Property development	Limited liability company
梧州市名湖房地產開發有限公司 Wuzhou Minghu Real Estate Development Co., Ltd.	PRC	51%	51%	RMB16,330,000	Property development	Limited liability company
郴州加利申房地產開發有限公司 Chenzhou Jialishen Real Estate Development Co., Ltd.	PRC	70%	70%	RMB333,340,000	Property development	Limited liability company
重慶勁揚房地產開發有限公司 Chongqing Jingyang Real Estate Development Co., Ltd.	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
梧州市桂宏達房地產開發有限公司 Wuzhou Guihongda Real Estate Development Co., Ltd.	PRC	51%	51%	RMB102,040,800	Property development	Limited liability company
重慶新紅陽實業有限公司 Chongqing Xinhongyang Industrial Co., Ltd.	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
珠海市祥田房地產開發有限公司 Zhuhai xiangtian Real Estate Development Co., Ltd.	PRC	90%	90%	RMB23,880,000	Property development	Limited liability company
台山市君華置業投資有限公司 Tanshan Junhua Property Investment Co., Ltd.	PRC	100%	100%	RMB87,000,000	Property development	Limited liability company
東莞市塑金置業有限公司 Dongguan Sujin Property Development Co., Ltd.	PRC	65%	65%	RMB51,428,571	Property development	Limited liability company
東莞市合和城輝房地產投資有限公司 Dongguan Hehe Chenghui Real Estate Development Co., Ltd.	PRC	49%	49%	RMB200,000,000	Property development	Limited liability company
揚州奧園置業有限公司 Yangzhou Aoyuan Property Co., Ltd.	PRC	100%	100%	RMB530,000,000	Property development	Limited liability company
荊州奧園房地產開發有限公司 Jingzhou Aoyuan Property Co., Ltd.	PRC	100%	100%	RMB352,941,200	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
青島盛世嘉德商業發展有限公司 Qingdao shengshi jiade business development co. LTD	PRC	64%	64%	US\$102,040,000	Property development	Limited liability company
湖南省晨啓智谷科技發展有限公司 Hunan chengqizhigu technology development co. LTD	PRC	90%	90%	RMB53,333,300	Property development	Limited liability company
清遠市合創泰富房地產開發有限公司 Qingyuan Hechuang Taifu Real Estate Development Co., Ltd.	PRC	100%	100%	RMB200,000,000	Property development	Limited liability company
廣漢鼎興置業有限公司 Guang han dingxing real estate co. LTD	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
惠州慶達房地產有限公司 Huizhou Qingda Real Estate Co., Ltd.	PRC	60%	60%	RMB75,000,000	Property development	Limited liability company
福建置立方地產發展有限公司 Fujian Zhicun Real Estate Development Co., Ltd.	PRC	100%	100%	RMB120,000,000	Property development	Limited liability company
昆明亞利泰商貿有限責任公司 Kunming Alitai Trading Co., Ltd.	PRC	51%	51%	RMB30,612,244	Property development	Limited liability company
珠海保稅區啓恒物流有限公司 Zhuhai Free Trade Zone Qiheng Logistics Co., Ltd.	PRC	60%	60%	RMB85,398,419	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
重慶奧驕房地產開發有限公司 Chongqing Aojiao Real Estate Development Co., Ltd.	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
陽山縣七彩世界房地產開發有限公司 Dangshan Qikai World Real Estate Development Co., Ltd.	PRC	100%	100%	RMB204,081,600	Property development	Limited liability company
重慶博昂置業有限公司 Chongqing Boang Real Estate Co., Ltd.	PRC	100%	100%	RMB20,000,000	Property development	Limited liability company
佛山市南海嘉美置業有限公司 Foshan Nanhai Jiamei Real Estate Co., Ltd.	PRC	100%	100%	RMB260,000,000	Property development	Limited liability company
桂平市中聯投資發展有限公司 Guiping Zhonglian Investment Development Co., Ltd.	PRC	60%	60%	RMB50,000,000	Property development	Limited liability company
重慶市碧津房地產開發有限公司 Chongqing Bijin Real Estate Development Co., Ltd.	PRC	100%	100%	RMB166,666,700	Property development	Limited liability company
鄭州啓迪置業有限公司 Zhengzhou Qidi Real Estate Co., Ltd.	PRC	56%	56%	RMB250,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.	PRC	100%	100%	RMB80,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
恩平進升房地產開發有限公司 Enping Jinsheng Real Estate Development Co., Ltd.	PRC	70%	70%	HK\$66,666,700	Property development	Limited liability company
恩平華璟房地產開發有限公司 Enping Huajing Real Estate Development Co., Ltd.	PRC	70%	70%	HK\$66,666,700	Property development	Limited liability company
合肥前海漢華置業有限公司 Hefei Qianhai Hanhua Real Estate Co., Ltd.	PRC	90%	90%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 Chengdu New Southwest Real Estate Co., Ltd.	PRC	100%	100%	RMB14,546,536	Property development	Limited liability company
阿拉丁智匯城房地產開發(張家口)有限公司 Aladdin Zhihui City Real Estate Development (Zhangjiakou) Co., Ltd.	PRC	80%	80%	RMB100,000,000	Property development	Limited liability company
衡陽市世安房地產開發有限公司 Hengyang Shi'an Real Estate Development Co., Ltd.	PRC	100% (note 47)	66%	RMB16,326,500	Property development	Limited liability company
惠州市天翔房地產開發有限公司 (Huizhou Tianxiang Real Estate Development Co., Ltd.)	PRC	70%	70%	RMB333,333,300	Property development	Limited liability company
重慶天投實業有限公司 Chongqing Tiantou Industrial Co., Ltd.	PRC	100%	100%	RMB370,467,347	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
珠海韜睿投資發展有限公司 Zhuhai Taorui Investment Development Co., Ltd.	PRC	73%	73%	RMB242,537,300	Investment holding	Limited liability company
珠海民商互聯網金融大廈開發有限公司 Zhuhai Civil and Commercial Internet Finance Building Development Co., Ltd.	PRC	60%	60%	RMB100,000,000	Property development	Limited liability company
保定市銳恒房地產開發有限公司 Baoding Ruiheng Real Estate Development Co., Ltd.	PRC	51%	51%	RMB285,700,000	Property development	Limited liability company
陝西萬怡置業有限公司 Shaanxi Wanyi Real Estate Co., Ltd.	PRC	100%	100%	RMB30,000,000	Property development	Limited liability company
西安市怡景苑房地產開發有限公司 Xi'an Yijingyuan Real Estate Development Co., Ltd.	PRC	100%	100%	RMB40,000,000	Property development	Limited liability company
成都宏懋實業有限公司 Chengdu Hongmao Industrial Co., Ltd.	PRC	100%	100%	RMB244,898,000	Property development	Limited liability company
廣州奧園錦泰置業有限公司 Guangzhou Aoyuan Jintai Real Estate Co., Ltd.	PRC	51%	51%	RMB36,047,000	Investment holding	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
江門市蓬江區白石永灝地產開發有限公司 Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.	PRC	43% <i>(note b)</i>	43% <i>(note b)</i>	RMB100,000,000	Property development	Limited liability company
湖北翼龍城鎮化建設有限公司 Hubei Yilong Urbanization Construction Co., Ltd.	PRC	51%	51%	RMB61,224,500	Property development	Limited liability company
常德市金粟置業有限責任公司 Changde Jinsu Real Estate Co., Ltd.	PRC	100% <i>(note 47)</i>	35%	RMB100,000,000	Property development	Limited liability company
天津市五一陽光投資發展有限公司 Tianjin May Day Sunshine Investment Development Co., Ltd.	PRC	100%	100%	RMB140,000,000	Property development	Limited liability company
安吉銀瑞房地產開發有限公司 Anji Yinrui Real Estate Development Co., Ltd.	PRC	73% <i>(note 48(b) (xiv))</i>	100%	RMB68,500,000	Investment holding	Limited liability company
安吉銀凱置業有限公司 Anji Yinkai Real Estate Co., Ltd.	PRC	73% <i>(note g)</i>	100%	RMB50,000,000	Property development	Limited liability company
安吉銀盛置業有限公司 Anji Yinsheng Real Estate Co., Ltd.	PRC	73% <i>(note g)</i>	100%	RMB50,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
上海奧園旅遊發展有限公司 Shanghai Olympic Garden Tourism Development Co., Ltd.	PRC	100%	100%	RMB90,909,000	Cultural tourism	Limited liability company
上海江南田園休閒會所有限公司 Shanghai Jiangnan Pastoral Leisure Club Co., Ltd.	PRC	100%	100%	RMB18,181,800	Hotel operation	Limited liability company
廣州新弘房地產有限公司 Guangzhou Xinhong Real Estate Development Co., Ltd.	PRC	100%	100%	RMB20,000,000	Property development	Limited liability company
西安奧園錦泰置業有限公司 Xi'an Aoyuan Jintai Property Co., Ltd.	PRC	51%	51%	RMB102,040,800	Property development	Limited liability company
昆山奧盛置業有限公司 Kunshan Aosheng Property Co., Ltd.	PRC	100%	100%	RMB50,000,000	Property development	Limited liability company
蘇州市隆福房地產開發有限公司 Suzhou Longfu Real Estate Development Co., Ltd.	PRC	51%	51%	RMB122,448,980	Property development	Limited liability company
名業發展(福建)有限公司 Mingye Development (Fujian) Co., Ltd.	PRC	44% <i>(notes b and g)</i>	55%	RMB100,000,000	Property development	Limited liability company
河北綠科房地產開發有限公司 Hebei Ivke Real Estate Development Co., Ltd.	PRC	98%	98%	RMB227,275,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
武漢工建金奧房地產開發有限公司 Wuhan Gongjian Jinao Real Estate Development Co., Ltd	PRC	47% <i>(note b)</i>	47% <i>(note b)</i>	RMB116,670,000	Property development	Limited liability company
西安奧宏置業有限公司 Xi'an Aohong Property Co., Ltd.	PRC	41% <i>(note b)</i>	41% <i>(note b)</i>	RMB10,000,000	Property development	Limited liability company
重慶億尊投資有限公司 Chongqing Yizun Investment Co., Ltd	PRC	80% <i>(note 47)</i>	45%	RMB50,000,000	Property development	Limited liability company
瀘州合府置業有限公司 Luzhou Hefu Real Estate Co., Ltd	PRC	51%	51%	RMB102,040,816	Property development	Limited liability company
南充合府置業有限公司 Nanchong Hefu Real Estate Co., Ltd	PRC	51%	51%	RMB61,224,490	Property development	Limited liability company
浙江朝華房地產開發有限公司 Zhejiang Chaohua Real Estate Development Co., Ltd	PRC	51%	51%	RMB50,000,000	Property development	Limited liability company
重慶天聯置業有限責任公司 Chongqing Tianlian Real Estate Co., Ltd	PRC	80% <i>(note 47)</i>	45%	RMB10,000,000	Property development	Limited liability company
湖州奧冠置業有限公司 Huzhou Aoguan Property Co., Ltd.	PRC	90% <i>(note 48(b) (viii))</i>	100%	RMB50,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
上饒市悅盛房地產開發有限公司 Shangrao Yuesheng Real Estate Development Co., Ltd	PRC	51%	51%	RMB20,000,000	Property development	Limited liability company
興寧敏駿房地產開發有限公司 Xingning Minjun Real Estate Development Co., Ltd	PRC	27% (note b)	27% (note b)	RMB16,129,032	Property development	Limited liability company
嘉善譽鴻房地產開發有限責任公司 Jiashan Yuhong Real Estate Development Co., Ltd	PRC	100%	76%	RMB1,000,000	Property development	Limited liability company
長興奧園置業有限公司 Changxing Aoyuan Property Co., Ltd.	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
河南茂睿置業有限公司 Henan Maorui Property Co., Ltd.	PRC	51%	51%	RMB10,000,000	Property development	Limited liability company
平潭奧新置業有限公司 Pingtan Aoxin Property Co., Ltd.	PRC	37% (note b)	37% (note b)	RMB100,000,000	Property development	Limited liability company
合肥七彩世界置業有限公司 Hefei Qikai Real Estate Co., Ltd	PRC	100%	100%	RMB100,000,000	Property development	Limited liability company
馬鞍山億景置業有限公司 Ma'anshan Yijing Real Estate Co., Ltd.	PRC	40%	40% (note 46(a)) (iv)	RMB100,000,000	Property development	Limited liability company
邢臺市宏煜房地產開發有限公司 Xingtai Hongyu Real Estate Development Co., Ltd.	PRC	60%	60%	RMB125,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
湖州瑞融房地產開發有限公司 Huzhou Rui rong Real Estate Development Co., Ltd.	PRC	48% <i>(notes b and g)</i>	60%	RMB80,000,000	Property development	Limited liability company
湖南經閣鴻運置業有限公司 Hunan Jingge Hongyun Real Estate Co., Ltd.	PRC	100%	100%	RMB37,500,000	Property development	Limited liability company
重慶奧航房地產開發有限公司 Chongqing Aohang Real Estate Development Co., Ltd.	PRC	51%	51%	RMB280,000,000	Property development	Limited liability company
徐州鴻濤居房地產開發有限公司 Xuzhou Hongtaoju Real Estate Development Co., Ltd.	PRC	56% <i>(note g)</i>	60%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 Meizhou Aochuang Property Co., Ltd.	PRC	26% <i>(note b)</i>	26% <i>(note b)</i>	RMB100,000,000	Property development	Limited liability company
宣城世茂卓盈房地產開發有限公司 Xuancheng Shimaozhuoying Real Estate Development Co., Ltd.	PRC	51%	51%	RMB20,000,000	Property development	Limited liability company
臨澧奧園置業有限公司 Linli Aoyuan Property Co., Ltd.	PRC	100%	100%	RMB20,000,000	Property development	Limited liability company
巢湖金寶置業有限公司 Chaohu Jinshi Real Estate Co., Ltd.	PRC	40%	40% <i>(note 46(a) (iii))</i>	RMB111,111,200	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
興寧奧園置業有限公司 Xingning Aoyuan Property Co., Ltd.	PRC	50%	50%	RMB100,000,000	Property development	Limited liability company
泉州奧嘉置業有限公司 Quanzhou Aojia Property Co., Ltd.	PRC	41%	41% <i>(note 48(b) (viii))</i>	RMB10,000,000	Property development	Limited liability company
西安利申置業有限公司 Xi'an Lishen Real Estate Co., Ltd.	PRC	83%	83%	US\$50,000,000	Property development	Limited liability company
湖州瑞輝房地產開發有限公司 Huzhou Ruihui Real Estate Development Co., Ltd.	PRC	48% <i>(notes b and g)</i>	60%	RMB250,000,000	Property development	Limited liability company
醴陵奧江置業有限公司 Liling Aojiang Property Co., Ltd.	PRC	51%	51%	RMB10,000,000	Property development	Limited liability company
福安世林地產開發有限公司 Fuan Shilin Real Estate Development Co., Ltd.	PRC	51%	51%	RMB20,408,200	Property development	Limited liability company
漳州奧園置業有限公司 Zhangzhou Aoyuan Property Co., Ltd.	PRC	100%	100%	RMB20,000,000	Property development	Limited liability company
徐聞縣樹源房地產投資有限公司 Xuwen Shuyuan Real Estate Development Co., Ltd.	PRC	60%	60%	RMB25,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
藤縣中顧置業投資有限公司 Tengxian Zhonggu Real Estate Investment Co., Ltd	PRC	60%	60%	RMB25,000,000	Property development	Limited liability company
五華縣新永宏腳手架材料有限公司 Wuhua Xinyonghong Scaffolding material Co., Ltd.	PRC	100%	100%	RMB1,000,000	Property development	Limited liability company
廣州市合勝實業發展有限公司 Guangzhou Hesheng Industrial Development Co., Ltd	PRC	50%	50%	RMB100,000,000	Property development	Limited liability company
廣州東塑塑料製品有限公司 Guangzhou Donglang Plastics Co., Ltd.	PRC	100%	100%	RMB1,000,000	Property development	Limited liability company
張家口奧熙房地產開發有限公司 Zhangjiakou Aoxi Real Estate Development Co., Ltd.	PRC	100%	100%	RMB10,000,000	Property development	Limited liability company
杭州昊創商貿有限公司 Hangzhou Haochuang Trading Co., Ltd.	PRC	51%	51%	RMB20,408,000	Investment holding	Limited liability company
重慶柯爵企業管理有限公司 Chongqing Kejue Enterprise Management Co., Ltd.	PRC	80% (note 47)	45%	RMB1,100,000,000	Investment holding	Limited liability company
合肥奧行置業有限公司 Hefei Aoxing Real Estate Co., Ltd	PRC	100% (note c)	N/A	RMB60,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
廊坊榮弘房地產開發有限責任公司 Langfang Ronghong Property Development Co., Ltd	PRC	60% <i>(note 46(a))</i>	N/A	RMB20,000,000	Property development	Limited liability company
漳州奧昕房地產有限公司 Zhangzhou Aoxin Real Estate Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB1,000,000	Property development	Limited liability company
廣州奧名置業有限公司 Guangzhou Aoming Real Estate Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB20,000,000	Property development	Limited liability company
南昌航夢置業有限公司 Nanchang Hangmeng Real Estate Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB12,500,000	Property development	Limited liability company
江蘇綠信置業有限公司 Jiangsu Lvxin Real Estate Co., Ltd	PRC	30% <i>(note 46(a))</i>	N/A	RMB100,000,000	Property development	Limited liability company
江陰惠升置業有限公司 Jiangyin Huisheng Real Estate Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB220,873,280	Property development	Limited liability company
東莞市匯正實業投資有限公司 Dongguan Huizheng Industrial Investment Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB50,000,000	Property development	Limited liability company
合肥奧東置業有限公司 Hefei Aodong Real Estate Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB10,000,000	Property development	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
興寧敏尚房地產開發有限公司 Xingning Minshang Real Estate Development Co., Ltd	PRC	50% <i>(note 46(a))</i>	N/A	RMB10,000,000	Property development	Limited liability company
珠海潤達房地產開發有限公司 Zhuhai Runda Property Development Co., Ltd	PRC	60% <i>(note 46(a))</i>	N/A	RMB191,326,525	Property development	Limited liability company
景德鎮金投置地有限公司 Jingdezhen Jintou Land Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB10,000,000	Property development	Limited liability company
廬山市金投置地有限公司 Lushan Gold Investment Land Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB30,000,000	Property development	Limited liability company
咸寧奧泰置業發展有限公司 Xianning Aotai Real Estate Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB10,000,000	Property development	Limited liability company
奧園美谷科技股份有限公司 Aoyuan Beauty Valley Technology Co., Ltd	PRC	29.93% <i>(note 46(b))</i>	N/A	RMB781,180,319	Property development and chemical fiber products manufacturing	Limited liability company
樂生活智慧社區服務集團股份有限公司 Easy Life Smart Community Services Group Co., Ltd	PRC	80.00% <i>(note 46(b))</i>	N/A	RMB54,360,000	Property management	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
揚州中城同進房地產有限公司 Yangzhou Zhongchengtongjin Property Development Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB650,000,000	Property development	Limited liability company
鹽城和融房地產開發有限公司 Yancheng Herong Property Development Co., Ltd	PRC	65% <i>(note 46(a))</i>	N/A	RMB133,300,000	Property development	Limited liability company
宿州新城金悅房地產開發有限公司 Suzhou New City Jinyue Property Development Co., Ltd	PRC	51% <i>(note 46(a))</i>	N/A	RMB20,000,000	Property development	Limited liability company
肇慶市天匯置業有限公司 Zhaoqing Tianhui Real Estate Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB250,050,000	Property development	Limited liability company
江門市華盈投資有限公司 Jiangmen Huaying Investment Co., Ltd	PRC	48% <i>(note 46(a))</i> <i>(note b)</i>	N/A	RMB1,000,000,000	Property development	Limited liability company
溫州市瀚陽置業有限公司 Wenzhou Hanyang Real Estate Co., Ltd	PRC	51% <i>(note 46(a))</i>	N/A	RMB203,000,000	Property development	Limited liability company
廣東萬博實業有限公司 Guangdong Wanbo Industrial Co., Ltd	PRC	70% <i>(note 46(a))</i>	N/A	RMB166,670,000	Investment holding	Limited liability company



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2020	2019			
茂名奧園東江置業有限公司 Maoming Aoyuan Dongjiang Real Estate Co., Ltd	PRC	60% <i>(note 46(a))</i>	N/A	RMB100,000,000	Property development	Limited liability company
高安市瑞興投資發展有限公司 Gao 'an Ruixing Investment Development Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB348,750,000	Property development	Limited liability company
高安市宏利高投資發展有限公司 Gao 'an Hongligao Investment Development Co., Ltd	PRC	100% <i>(note 46(a))</i>	N/A	RMB100,000,000	Property development	Limited liability company
廣州奧虹置業有限公司 Guangzhou Aohong Real Estate Co., Ltd	PRC	100% <i>(note c)</i>	N/A	RMB20,000,000	Property development	Limited liability company
六安奧禾置業有限公司 Lvan Aohe Real Estate Co., Ltd	PRC	51% <i>(note c)</i>	N/A	RMB20,000,000	Property development	Limited liability company
孝感奧泰房地產開發有限公司 Xiaogan Aotai Property Development Co., Ltd.	PRC	100% <i>(note c)</i>	N/A	RMB10,000,000	Property development	Limited liability company



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Notes:

- (a) Add Hero is directly held by the Company and the remaining subsidiaries comprising the Group are indirectly held by the Company.
- (b) These companies are held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in these companies to be less than 50% while penetrating to the bottom shareholding.
- (c) These companies are newly set up subsidiaries during the year ended 31 December 2020.
- (d) BVI and Hong Kong incorporated companies are operating in Hong Kong, Australia and Canada incorporated companies are operating in Australia and Canada, respectively, and other subsidiaries are operating in the PRC.
- (e) None of the subsidiaries had issued any debt securities at the end of the year except for Aoyuan Group which has issued RMB7,040,000,000 (2019: RMB5,540,000,000) of corporate bonds, in which the Group has RMB7,040,000,000 (2019: RMB5,540,000,000) interest.
- (f) The above table lists the principal subsidiaries of the Company which, in the opinion of the management of the Company, principally affect the results or assets of the Group. To give full details of subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.
- (g) The entity is a subsidiary of another company that was partially disposed without loss of control during the year ended 31 December 2020.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(b) Composition of the Group

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries	
		2020	2019
Investment holding	BVI	60	60
	Hong Kong	95	95
	PRC	84	67
	Australia	5	4
	Canada	2	2
Property development and investment	PRC	311	150
	Australia	13	13
	Canada	35	29
Provision of consultancy and management services	PRC	111	57
Others	PRC	94	88
		810	565



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) 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 as at 31 December 2020 and 2019 that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of Ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
				RMB'000	RMB'000	RMB'000	RMB'000
Aoyuan Group (Yingde)	PRC	49%	49%	99,290	58,080	1,284,718	1,185,428
Shenzhen City Renewal	PRC	49%	49%	61,943	382,894	4,944,039	3,382,096
Non-wholly owned subsidiaries of Shenzhen City Renewal	PRC	28% - 49%	28% - 49%	(3,510)	30,167	3,539,681	48,803
Guangdong City Renewal	PRC	49%	49%	2,396	137,635	4,638,184	3,135,788
Non-wholly owned subsidiaries of Guangdong City Renewal	PRC	35% - 49%	N/A	(1,551)	-	18,449	-
Shenzhen Hongyu Taifu Real Estate Development Company Limited ("Shenzhen Hongyu Taifu")	PRC	49%	49%	(35,123)	(17,658)	1,447,219	1,482,342
Guangzhou Xinrun	PRC	49%	49%	(140)	-	3,999,860	500,000
Aoyuan Beauty Valley	PRC	70%	N/A	(112,698)	N/A	1,544,568	N/A
Non-wholly owned subsidiaries of Aoyuan Beauty Valley	PRC	12% - 49%	N/A	188,855	N/A	1,315,987	N/A
Individually immaterial subsidiaries with non-controlling interests				945,777	430,382	12,967,054	12,232,270
				1,145,239	1,021,500	35,699,759	21,966,727

Summarised financial information in respect of non-wholly owned subsidiaries of the Group that has material non-controlling interests is set out below. The summarised financial information/consolidated financial information below represents amounts before intergroup eliminations.



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Aoyuan Group (Yingde)

	2020 RMB'000	2019 RMB'000
Non-current assets	818,458	795,826
Current assets	2,981,435	2,981,891
Current liabilities	728,019	1,358,476
Non-current liabilities	450,000	–
Equity attributable to the owner of the Company	1,337,156	1,233,813
Equity attributable to the non-controlling interests of Aoyuan Group (Yingde)	1,284,718	1,185,428
Revenue	1,025,045	471,604
Expenses	822,412	353,073
Profit and total comprehensive income for the year	202,633	118,531
Profit and total comprehensive income attributable to owners of Company	103,343	60,451
Profit and total comprehensive income attributable to non-controlling interests of Aoyuan Group (Yingde)	99,290	58,080
Dividend distributions	–	–
Net cash (outflow) inflow from operating activities	(626,609)	381,716
Net cash inflow (outflow) from investing activities	189,894	(755,611)
Net cash inflow (outflow) from financing activities	413,700	(20,700)
Net cash outflow	(23,015)	(394,595)



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Shenzhen City Renewal

	2020 RMB'000	2019 RMB'000
Non-current assets	2,004,986	22,514
Current assets	14,707,771	10,021,531
Current liabilities	2,419,699	2,595,905
Non-current liabilities	663,500	497,100
Equity attributable to the owner of the Company	5,145,838	3,520,141
Equity attributable to the non-controlling interests of Shenzhen City Renewal	4,944,039	3,382,096
Non-controlling interests of Shenzhen City Renewal's subsidiary	3,539,681	48,803
Revenue	921,506	2,743,905
Expenses	798,601	1,932,322
Profit and total comprehensive income for the year	122,905	811,583
Profit and total comprehensive income attributable to owner of the Company	64,472	398,522
Profit and total comprehensive income attributable to owners of Shenzhen City Renewal	126,415	781,416
(Loss) profit and total comprehensive (expense) income attributable to the non-controlling interests of Shenzhen City Renewal	(3,510)	30,167
Dividend distributions	–	–
Dividend distributions to the non-controlling interests of Shenzhen City Renewal's subsidiaries	107,212	–
Net cash (outflow) inflow from operating activities	(2,463,078)	608,457
Net cash (outflow) inflow from investing activities	(6,152,156)	1,578,017
Net cash inflow from financing activities	6,557,088	246,270
Net cash (outflow) inflow	(2,058,146)	2,432,744



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Guangdong City Renewal

	2020 RMB'000	2019 RMB'000
Non-current assets	50,270	46,028
Current assets	9,512,335	6,430,987
Current liabilities	32,122	31,095
Non-current liabilities	–	–
Equity attributable to the owner of the Company	4,873,850	3,310,132
Equity attributable to the non-controlling interests of Guangdong City Renewal	4,638,184	3,135,788
Non-controlling interests of Guangdong City Renewal's subsidiary	18,449	–
Revenue	77,830	300,830
Expenses	74,492	19,943
Profit and total comprehensive income for the year	3,338	280,887
Profit and total comprehensive income attributable to owners of the Company	2,493	143,252
Profit and total comprehensive income attributable to owners of Guangdong City Renewal	4,889	280,887
Loss and total comprehensive expense attributable to the non-controlling interests of Guangdong City Renewal	(1,551)	–
Dividend distributions	–	–
Net cash outflow from operating activities	(25,140)	(80,103)
Net cash inflow from investing activities	751,179	1,071,675
Net cash inflow from financing activities	3,081,225	9,600
Net cash inflow	3,807,264	1,001,172



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Shenzhen Hongyu Taifu

	2020 RMB'000	2019 RMB'000
Non-current assets	–	12,011
Current assets	3,651,812	3,013,468
Current liabilities	8,303	291
Non-current liabilities	690,000	–
Equity attributable to the owners of the Company	1,506,290	1,542,846
Equity attributable to the non-controlling interests of Shenzhen Hongyu Taifu	1,447,219	1,482,342
Revenue	–	–
Expenses	71,679	360,036
Loss and total comprehensive expense for the year	(71,679)	(360,036)
Loss and total comprehensive expense attributable to the owners of Company	(36,556)	(18,378)
Loss and total comprehensive expense attributable to the non-controlling interests of Shenzhen Hongyu Taifu	(35,123)	(17,658)
Dividend distributions	–	–
Net cash outflow from operating activities	(349,870)	(47,756)
Net cash outflow from investing activities	(340,066)	(1,452,169)
Net cash inflow from financing activities	690,000	1,500,000
Net cash inflow	64	75



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Guangzhou Xinrun

	2020 RMB'000	2019 RMB'000
Non-current assets	–	–
Current assets	8,162,979	1,020,441
Current liabilities	–	33
Non-current liabilities	–	–
Equity attributable to the owner of the Company	4,163,119	520,408
Equity attributable to the non-controlling interests of Guangzhou Xinrun	3,999,860	500,000
Revenue	–	–
Expenses	286	–
Loss and total comprehensive expense for the year	(286)	–
Loss and total comprehensive expense attributable to owners of the Company	(146)	–
Loss and total comprehensive expense attributable to non-controlling interests of Guangzhou Xinrun	(140)	–
Dividend distributions	–	–
Net cash (outflow) inflow from operating activities	(319)	33
Net cash outflow from investing activities	(7,142,097)	(1,020,398)
Net cash inflow from financing activities	7,142,857	1,020,408
Net cash inflow	441	43



58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Aoyuan Beauty Valley

	2020 RMB'000
Non-current assets	3,643,238
Current assets	6,944,981
Current liabilities	4,292,319
Non-current liabilities	2,775,591
Equity attributable to the owner of the Company	659,754
Equity attributable to the non-controlling interests of Aoyuan Beauty Valley	1,544,568
Non-controlling interests of Aoyuan Beauty Valley	1,315,987
Revenue	1,671,213
Expenses	1,643,194
Profit and total comprehensive income for the year	28,019
Profit and total comprehensive income attributable to owners of the Company	(43,138)
Loss and total comprehensive expense attributable to owners of Aoyuan Beauty Valley	(160,836)
Profit and total comprehensive income attributable to the non-controlling interests of Aoyuan Beauty Valley	188,855
Dividend distributions	–
Dividend distributions to the non-controlling shareholder of Aoyuan Beauty Valley's subsidiaries	5,000
Net cash outflow from operating activities	(97,046)
Net cash outflow from investing activities	(274,246)
Net cash inflow from financing activities	286,970
Net cash outflow	(84,322)



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

59. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2020, the Group entered into new lease agreements for the use of leased properties, machinery and office equipment for the term from six months to fifteen years. On the lease commencement, the Group recognised of RMB104,223,000 of right-of-use assets and RMB104,223,000 of lease liabilities, and terminated RMB131,642,000 of right-of-use assets and RMB142,102,000 of lease liabilities respectively.
- (b) During the year ended 31 December 2020, the Group entered into settlements agreement with Guangdong Shanshuichanlin Cultural Industry Co., Ltd, Guangzhou Shengyu Construction Material Co., Ltd, Guangdong Aotuo Pension Investment Co., Ltd, Guangdong Aoyuan Aomygod E-Commerce Co., Ltd, Guangdong Aoyuan Cross-border E-commerce Group Co., Ltd and etc. for the settlement between amounts due from joint ventures of RMB13,273,306,000 and amounts due to joint ventures of RMB13,273,306,000.

60. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Group had following significant events taken place:

- (a) The Company issued senior notes in an aggregate principal amount of USD188,000,000 (equivalent to RMB1,227 million) subsequent to the reporting period which carries interest 4.20% per annum and are due in 2022.
- (b) The Company issued senior notes in an aggregate principal amount of USD350,000,000 (equivalent to RMB2,284 million) subsequent to the reporting period which carries interest 5.88% per annum and are due in 2027.
- (c) On 8 March 2021, the Company entered into a 3-year loan agreement with Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, Barclays Bank PLC, Chong Hing Bank Limited and Chong Hing Bank Limited, Macau Branch, CMB Wing Lung Bank Limited, Deutsche Bank AG, Singapore Branch, Hang Seng Bank Limited, Nanyang Commercial Bank, Limited and Nanyang Commercial Bank (China), Limited Guangzhou Branch and Tai Fung Bank Limited (collectively the "Lenders"), pursuant to which a banking facility relating to secured dual currency term loan facilities of approximately HK\$1,598 million and US\$20 million was granted by the Lenders to the Company, with interest rate of HIBOR plus 4.30% and LIBOR plus 4.30% per annum for HK dollar facility and US dollar facility respectively.



61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	684	851
Investments in subsidiaries	13,652,065	10,498,222
Amounts due from subsidiaries	1,902,129	1,902,129
	15,554,878	12,401,202
CURRENT ASSETS		
Trade and other receivables	2,557	2,065
Amounts due from subsidiaries	22,547,007	17,608,518
Bank balances and cash	1,603,445	4,678,219
	24,153,009	22,288,802
CURRENT LIABILITIES		
Trade and other payables	12,770	300
Amounts due to subsidiaries	2,497,860	3,481,020
Bank borrowings	6,398,391	4,000,805
Senior notes	9,957,800	3,952,649
	18,866,821	11,434,774
NET CURRENT ASSETS	5,286,188	10,854,028
TOTAL ASSETS LESS CURRENT LIABILITIES	20,841,066	23,255,230
NON-CURRENT LIABILITIES		
Bank borrowings	2,149,836	4,244,393
Senior notes	16,381,715	17,226,340
	18,531,551	21,470,733
TOTAL ASSETS LESS TOTAL LIABILITIES	2,309,515	1,784,497
CAPITAL AND RESERVES		
Share capital	25,567	25,453
Reserves	2,283,948	1,759,044
TOTAL EQUITY	2,309,515	1,784,497



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	4,184,412	1,093	11,487	(2,502,703)	1,694,289
Profit and total comprehensive income for the year	–	–	–	986,940	986,940
Recognition of equity- settled share-based payments	–	–	7,869	–	7,869
Exercise of share options	70,796	–	(10,056)	–	60,740
Dividend recognised as distribution (note 12)	–	–	–	(990,794)	(990,794)
At 31 December 2019	4,255,208	1,093	9,300	(2,506,557)	1,759,044
Profit and total comprehensive income for the year	–	–	–	1,943,409	1,943,409
Exercise of share options	70,506	–	(9,300)	–	61,206
Dividend recognised as distribution (note 12)	(1,479,711)	–	–	–	(1,479,711)
At 31 December 2020	2,846,003	1,093	–	(563,148)	2,283,948

Five Years Financial Summary

For the year ended 31 December 2020



Consolidated results

	Year ended 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Revenue	11,827,268	19,115,255	31,005,834	50,531,150	67,793,792
Profit before taxation	2,084,989	3,625,592	6,954,292	10,589,492	13,608,527
Income tax expense	(1,078,381)	(1,673,640)	(4,014,825)	(5,367,662)	(6,557,481)
Profit for the year	1,006,608	1,951,952	2,939,467	5,221,830	7,051,046

Consolidated assets, equity and liabilities

	As of 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Assets					
Non-current assets	6,588,772	9,695,637	17,050,666	27,422,906	35,029,037
Current assets	59,829,641	116,110,224	171,807,553	262,457,527	290,649,419
Total assets	66,418,413	125,805,861	188,858,219	289,880,433	325,678,456
Equity and liabilities					
Non-current liabilities	15,644,523	23,106,417	37,091,741	56,036,501	65,273,697
Current liabilities	36,142,597	75,573,154	121,032,632	196,847,324	206,152,113
Total liabilities	51,787,120	98,679,571	158,124,373	252,883,825	271,425,810
Equity attributable to owners of the Company	8,918,093	10,155,036	11,872,217	15,029,881	18,552,887
Non-controlling interests	5,713,200	16,971,254	18,861,629	21,966,727	35,699,759
Total equity and liabilities	66,418,413	125,805,861	188,858,219	289,880,433	325,678,456



Major Properties Held for Sale

PROPERTIES FOR SALES

	Project	Location	Status	Existing use	GFA (thousand sq.m.)	Interest attributable to the Company
1	Shenyang Aoyuan Convention Plaza	Shenyang, Liaoning	Under construction	Integrated residential community, commercial properties	360.2	100%
2	Chengdu Chenghua Aoyuan Plaza	Chengdu, Sichuan	Under construction	High-rise apartments, commercial properties	101.4	100%
3	Dongguan Aoyuan Guanlan Glorious Mansion	Dongguan, Guangdong	Completed	High-rise apartments, low-density residential	81.7	95%
4	Zhuhai Aoyuan Hengqin Bay	Zhuhai, Guangdong	Completed	High-rise apartments	24.3	60%
5	Jiangmen Aoyuan Precious Palace	Jiangmen, Guangdong	Under construction	High-rise apartments	143.7	100%



1. COMPLETED PROPERTIES HELD FOR INVESTMENT

No.	Project	Location	Type	Lease term	Gross floor area (thousand sq.m.)	Interest attributable to the Group
1	Guangzhou Nanguo Aoyuan	Panyu, Guangzhou	Golf course & commercial building	Long	58.3	100%
2	Guangzhou Panyu Aoyuan	Panyu, Guangzhou	Commercial & retail shop	Long	7.4	100%
3	Guangzhou Guo Ao Investment Development Centre	Nansha, Guangzhou	Office	Long	2.4	100%
4	Guangzhou Aoyuan	Panyu, Guangzhou	Retail shop	Long	8.6	100%
5	Chongqing Aoyuan City of Health	Chongqing	Retail shop & Clubhouse	Medium	4.1	100%
6	Guangzhou Panyu Aoyuan Plaza	Panyu, Guangzhou	Commercial & retail shop	Medium	80.5	100%
7	Guangzhou Aoyuan Health Plaza	Panyu, Guangzhou	Commercial & retail shop	Medium	9.1	100%
8	Shenyang Aoyuan	Shenyang, Liaoning	Commercial building	Medium	12.2	100%
9	Guangzhou Aoyuan City Plaza	Panyu, Guangzhou	Commercial & retail shop	Medium	13.8	100%
10	Chongqing Aoyuan The Metropolis	Chongqing	Commercial	Medium	19.3	100%
11	Jiaoling Aoyuan Plaza	Meizhou, Guangdong	Commercial & retail shop	Medium	18.4	100%
12	Wuhua Aoyuan Plaza	Meizhou, Guangdong	Commercial & retail shop	Medium	26.8	100%



Investment Properties (continued)

No.	Project	Location	Type	Lease term	Gross floor area (thousand sq.m.)	Interest attributable to the Group
13	Chongqing Panlong Aoyuan Plaza	Chongqing	Commercial & retail shop	Medium	47.2	100%
14	Chongqing Chayuan Aoyuan Plaza	Chongqing	Commercial & retail shop	Medium	51.6	100%
15	Guangzhou Aoyuan Hai Jing Cheng	Nansha, Guangzhou	Commercial	Medium	7.7	100%
16	Guangzhou Nansha Aoyuan	Nansha, Guangzhou	Kindergarten	Medium	2.2	55%
17	Zhuhai Aoyuan Plaza	Zhuhai, Guangdong	Commercial & retail shop	Medium	65.0	93%
18	Jiangmen Aoyuan Plaza	Jiangmen, Guangdong	Commercial & retail shop	Medium	62.5	43%
19	Guangzhou Luogang Aoyuan Plaza	Huangpu, Guangzhou	Commercial & retail shop	Medium	34.6	100%
20	Ningdu Aoyuan Plaza	Ningdu, Jiangxi	Commercial & retail shop	Medium	26.2	100%
21	Yulin Aoyuan Plaza	Yulin, Guangxi	Commercial & retail shop	Medium	60.3	100%
22	Liuyang Aoyuan Plaza	Changsha, Hunan	Commercial & retail shop	Medium	26.1	100%
23	Hefei Aoyuan City Plaza	Hefei, Anhui	Commercial & retail shop	Medium	21.8	100%
24	Chengdu Aoyuan Jiuli Bay	Chengdu, Sichuan	Commercial	Medium	6.9	100%
25	Dabu Aoyuan Plaza	Meizhou, Guangdong	Commercial	Medium	26.4	100%

Investment Properties (continued)



No.	Project	Location	Type	Lease term	Gross floor area (thousand sq.m.)	Interest attributable to the Group
26	Dayu Aoyuan Plaza	Ganzhou, Jiangxi	Commercial	Medium	29.3	100%
27	Chongqing Aoyuan Beyond Era	Chongqing	Retail shop	Medium	26.4	100%
28	Yangzhou Aoyuan The Lake Shine House	Yangzhou, Jiangsu	Commercial	Medium	10.0	100%
29	Dangshan Aoyuan Plaza	Suzhou, Anhui	Commercial	Medium	65.3	100%
30	Xindu Mingyuan	Beijing	Office	Medium	1.4	30%
31	Beijing Jinhan Lvgang Jiayuan	Beijing	Office	Medium	2.2	30%
32	Kinghand Building	Beijing	Office	Medium	9.5	30%
33	Yuanyang Building	Beijing	Office	Medium	0.5	30%
34	Nanjing Airport Large Customs Clearance Base	Nanjing, Jiangsu	Logistics park	Medium	146.5	8%
35	Kinghand Junting Holiday Hotel	Baoding, Hebei	Hotel	Medium	24.5	30%



Investment Properties (continued)

2. INVESTMENT PROPERTIES UNDER CONSTRUCTION

No.	Project	Location	Type	Lease term	Gross floor area (thousand sq.m.)	Stage of Completion	Interest attributable to the Group
1	Shenyang Aoyuan Convention Plaza	Shenyang, Liaoning	Commercial	Medium	50.1	Under construction	100%
2	Guangzhou Aoyuan Kangwei Plaza	Zengcheng, Guangzhou	Commercial & retail shop	Medium	60.0	To be constructed	100%
3	Yangjiang Aoyuan Central Parkview	Yangjiang, Guangdong	Commercial	Medium	10.0	To be constructed	100%
4	Bengbu Aoyuan Ginza	Bengbu, Anhui	Commercial & retail shop	Medium	35.5	Under construction	80%
5	Chengdu Chenghua Aoyuan Plaza	Chengdu, Sichuan	Commercial & retail shop	Medium	31.4	Under construction	100%
6	Pubei Aoyuan Plaza	Pubei, Guangxi	Commercial	Medium	26.0	Under construction	100%
7	Cixi Aoyuan Yushan Lake	Ningbo, Zhejiang	Hotel	Medium	20.1	Under construction	100%
8	Weining Aoyuan Plaza	Weining, Guizhou	Commercial	Medium	32.6	Under construction	100%
9	Qidong Aoyuan Plaza	Hengyang, Hunan	Commercial	Medium	28.0	To be constructed	90%
10	Zhuhai Aoyuan Seaview Mountain	Zhuhai, Guangdong	Commercial	Medium	51.2	Under construction	70%
11	Wuhan Aoyuan International Riverside	Wuhan, Hubei	Commercial	Medium	53.9	Under construction	47%
12	Aoyuan Oriental Beauty Vally	Shanghai	Industry research	Medium	91.4	Under construction	100%

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