中国物流资产 CHINA LOGISTICS PROPERTY HOLDINGS

2020 年度報告 Annual Report

中國物流資產控股有限公司
CHINA LOGISTICS PROPERTY HOLDINGS CO., LTD

(於開曼群島註冊成立的有限公司
Incorporated in the Cayman Islands with Limited Liability)

股份代號 STOCK CODE : 1589

開啓新篇章

START A NEW CHAPTER

物流設施提供商 · 服務商

LOGISTICS FACILITIES AND SERVICE PROVIDER

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shifa *(Chairman)*
Mr. Wu Guolin
Ms. Li Huifang
Mr. Cheuk Shun Wah
Ms. Shi Lianghua
Mr. Xie Xiangdong
Mr. Wu Guozhou

Non-executive Directors

Ms. Li Qing
Mr. Fu Bing

Independent Non-executive Directors

Mr. Guo Jingbin
Mr. Fung Ching Simon
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick
Mr. Chen Yaomin

AUDIT COMMITTEE

Mr. Fung Ching Simon *(Chairman)*
Mr. Guo Jingbin
Mr. Leung Chi Ching Frederick

REMUNERATION COMMITTEE

Mr. Guo Jingbin *(Chairman)*
Mr. Li Shifa
Ms. Li Qing
Mr. Fung Ching Simon
Mr. Wang Tianye

NOMINATION COMMITTEE

Mr. Li Shifa *(Chairman)*
Ms. Li Qing
Mr. Guo Jingbin
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick

COMPANY SECRETARY

Ms. So Ka Man

AUTHORIZED REPRESENTATIVES

Ms. Li Qing
Ms. So Ka Man

LEGAL ADVISORS

As to Hong Kong law:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central, Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
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China

As to Cayman Islands law:
Ogier
Floor 11 Central Tower
28 Queen's Road Central
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

COMPANY'S WEBSITE

www.cnlpholdings.com

STOCK CODE

1589

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1899 Shenkun Road
Minhang District
Shanghai
China (201106)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Harneys Fiduciary (Cayman) Limited
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P.O. Box 10240
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3213, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKS

Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Deutsche Bank (China) Co., Ltd.
Industrial and Commercial Bank of China Ltd.
Shanghai Rural Commercial Bank Co., Ltd.

Financial Summary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)			
Revenue	**798,637**	712,506	582,280	403,900	270,861
Gross profit	**618,257**	546,725	433,927	275,652	181,980
Gross profit margin	**77.4%**	76.7%	74.5%	68.2%	67.2%
Profit for the year[1]	**66,620**	349,245	553,552	885,800	720,478
Non-IFRSs items:					
Core net profit[2][3]	**510,374**	454,519	297,048	162,623	107,168
Core net profit margin	**63.9%**	63.8%	51.0%	40.3%	39.6%

CONSOLIDATED BALANCE SHEETS

	As of 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)		
Assets					
Non-current assets	**22,174,693**	21,454,078	18,584,119	16,051,440	13,447,682
Current assets	**1,610,162**	1,507,682	3,000,546	2,290,332	2,093,001
Total assets	**23,784,855**	22,961,760	21,584,665	18,341,772	15,540,683
Equity and liabilities					
Total equity	**11,584,892**	11,739,179	11,413,889	9,325,754	8,479,092
Non-current liability	**10,891,353**	8,609,922	7,522,395	7,135,077	6,018,954
Current liabilities	**1,308,610**	2,612,659	2,648,381	1,880,941	1,042,637
Total liabilities	**12,199,963**	11,222,581	10,170,776	9,016,018	7,061,591
Total equity and liabilities	**23,784,855**	22,961,760	21,584,665	18,341,772	15,540,683
Net current assets/(liabilities)	**301,552**	(1,104,977)	352,165	409,391	1,050,364
Total assets less current liabilities	**22,476,245**	20,349,101	18,936,284	16,460,831	14,498,046

Notes:

(1) A substantial portion of the Company's profit for the year indicated comprised non-recurring fair value gains on investment properties and government grants.

(2) This is not an IFRSs measure. The Group has presented this non-IFRSs item because the Group considers it an important supplemental measure of the Group's operating performance and believes it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the same industry. The Group's management uses such non-IFRSs item as an additional measurement tool for purposes of business decision-making. Other companies in the same industry may calculate this non-IFRSs item differently than the Group does.

(3) The Group defines its core net profit as its adjusted EBITDA, which consists of profit for the year, adding back our interest expense on borrowings, other losses, net exchange losses, income tax expense, amortization expense and depreciation charge, further adjusted to deduct our other income, fair value gains on investment properties — net, fair value losses on convertible bonds — net and other gains, interest income on bank deposits, net exchange gains and share of profit of investments accounted for using the equity method.

Chairman's Statement

Dear Shareholders,

I am pleased to present to you the business review of China Logistics Property Holdings Co., Ltd (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2020 and our outlook for 2021.

RESULTS

In 2020, the Group recorded a revenue of RMB798.6 million, representing a year-on-year increase of 12.1% as compared with RMB712.5 million in 2019. The Group's gross profit increased from RMB546.7 million in 2019 to RMB618.3 million in 2020, increasing by 13.1% year on year, while its gross profit margin increased from 76.7% in 2019 to 77.4% in 2020. The total assets of the Group increased from RMB22,961.8 million in 2019 to RMB23,784.9 million in 2020, representing a year-on-year increase of 3.6%.

BUSINESS OVERVIEW

As at 31 December 2020, the Company had 176 logistics facilities in operation in 37 logistics parks, located in logistics hubs in 19 provinces or centrally administered municipalities.

The Group expanded its network of logistics facilities to cope with the growing demand for premium logistics facilities in China and was therefore able to grow its revenue by 12.1% from RMB712.5 million in 2019 to RMB798.6 million in 2020. The Group's gross profit increased from RMB546.7 million in 2019 to RMB618.3 million in 2020.

MAJOR OPERATING DATA OF THE GROUP'S LOGISTICS PARKS

The following table sets forth the major operating data of the Group's logistics parks in 2020:

	As at 31 December	
	2020	2019
Completed GFA:		
Stabilized logistics parks (million sq.m.)[1]	**2.8**	2.8
Pre-stabilized logistics parks (million sq.m.)[2][3]	**0.8**	0.6
Total (million sq.m.)	**3.6**	3.4
Logistics parks under development or being repositioned (million sq.m.)	**0.4**	0.6
Land held for future development (million sq.m.)	**0.4**	0.6
Investments accounted for using equity method (million sq.m.)	**0.6**	0.3
Total GFA (million sq.m.)	**5.0**	4.9
Investment projects (million sq.m.)[4]	**3.8**	4.6
Occupancy rate for stabilized logistics parks (%)[1]	**90.2**	90.3

(1) Logistics facilities (i) that had been in operation for more than 12 months as at 31 December 2020 or 2019 (as the case may be) or (ii) reached an occupancy rate of 90%.

(2) Logistics facilities (i) that had been completed and in operation for less than 12 months as at 31 December 2020 or 2019 (as the case may be) and (ii) reached an occupancy rate less than 90%.

(3) After the completion of the construction or acquisition, various government infrastructure preparations and inspections are required before our logistics facilities can commence operations, such as roads, water supply, electricity cable and heating system. In certain cases, due to the surrounding government supporting facilities might still be in the making when the construction or acquisition is completed, the process can take longer than it previously did. To factor this in, the Company now categorizes logistics facilities that had been in operation for less than 12 months to be pre-stablized logistics facilities.

(4) Logistics park projects for which investment agreements for the acquisition of land have been entered into but land grant contracts or formal acquisition agreements have not been entered into.

On 29 June 2020, the Company and its certain subsidiaries which guarantee the payment of the Bonds (as defined below) pursuant to the relevant trust deed and the Bonds (the "**Subsidiary Guarantors**") entered into a subscription agreement with BCC Leap Holdco, L.P. (the "**Purchaser**") in relation to the issue of the convertible bonds with an aggregate principal amount of US$100,000,000 or equivalent at the rate of 6.95% due 2025 (the "**Bonds**") by the Company. Based on the initial conversion price of HK$3.19 per conversion share and assuming full conversion of the Bonds, the Bonds will be convertible into 242,962,382 conversion shares of the Company pursuant to the terms and conditions of the Bonds.

In November 2020, the Company successfully issued the Bonds. Approximately US$89.5 million of the proceeds from the issuance of the Bonds had been used to repay in full of the November 2020 Notes in the principal amount of US$100,000,000. The remaining proceeds were fully used to apply towards the Company's general corporate purposes and the interest payment of the 2019 Convertible Bonds. For further details, please refer to the announcements of the Company dated 29 June 2020, 7 July 2020, 31 July 2020, 19 November 2020 and 23 November 2020 and the circular of the Company dated 27 July 2020.

BREAKDOWN OF INVESTMENT PROPERTIES

Completed Logistics Parks

The following table sets forth a summary of all the Group's completed and stabilized logistics parks as at 31 December 2020, together with the valuation of such logistics parks:

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Beijing Yupei Linhaitan Logistics Park, East Zhanggezhuang Village, Yongledian Town, Tongzhou District, Beijing, PRC	**83,329**	Logistics Facilities	Yes	769	**804**
Shanghai Yuhang Huangdu Logistics Park, No. 1000 Xiechun Road, Jiading District, Shanghai, PRC	**35,083**	Logistics Facilities	Yes	187	**273**
Suzhou Yupei Logistics Park, N. 28 Hengxinjing Road, Zhoushi Town, Kunshan, Jiangsu Province, PRC	**118,613**	Logistics Facilities	Yes	860	**894**
Wuhan Yupei Hannan Logistics Park, Wujin Industrial Park, Dongjing Street, Hannan District, Wuhan, Hubei Province, PRC	**73,098**	Logistics Facilities	Yes	338	**332**
Shenyang Yupei Shenbei Logistics Park, No. 10 Hongye Street, Shenyang North New Area, Shenyang, Liaoning Province, PRC	**84,621**	Logistics Facilities	Yes	388	**386**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Shenyang Yupei Economic & Technological Development Zone Logistics Park, No. 17 Shenxi Jiudong Road, Shenyang Economic & Technological Development Zone, Shenyang, Liaoning Province, PRC	**40,262**	Logistics Facilities	Yes	175	**171**
Zhengzhou Yupei Huazhengdao Logistics Park, East of Yitong Street, South of Xida Road, West of Litong Street and North of Wuliu Avenue, Zhengzhou, Henan Province, PRC	**31,166**	Logistics Facilities	Yes	172	**176**
Chuzhou Yuhang Logistics Park Phase I & II, No. 8 Huayuan West Road, Langya District, Chuzhou, Anhui Province, PRC	**63,568**	Logistics Facilities	Yes	225	**222**
Wuhu Yupei Logistics Park, Sanshan District Logistics Park, Sanshan District, Wuhu, Anhui Province, PRC	**90,304**	Logistics Facilities	Yes	297	**297**
Zhengzhou Yupei Logistics Park, South of Gucheng South Road, West of Jinsha Avenue, North of Xida Road, East of Litong Road, Zhongmu County, Zhengzhou, Henan Province, PRC	**112,081**	Logistics Facilities	Yes	620	**633**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Tianjin Yupei Logistics Park, Southwestern corner of Xiangjiang Avenue and Bohai 26th Road, Tianjin Harbor Economic Area, Binhai New District, Tianjin, PRC	**96,407**	Logistics Facilities	Yes	504	**508**
Hefei Yuhang Logistics Park, Southeastern corner of Donghua Road and Xinhua Road, Cuozhen Town, Feidong County, Hefei, Anhui Province, PRC	**56,014**	Logistics Facilities	Yes	292	**301**
Suzhou Yuqing Logistics Park, No. 8 Datong Road, Suzhou New District, Suzhou, Jiangsu Province, PRC	**171,108**	Logistics Facilities	Yes	1,101	**1,124**
Changchun Yupei Logistics Park, Hangkong Street, North Area of Changchun National Hi-Tech Industrial Development Zone, Changchun, Jilin Province, PRC	**63,347**	Logistics Facilities	Yes	282	**282**
Chengdu Yuhang Logistics Park, No. 9 Minsheng Road, Xiangfu Town, Qingbaijiang District, Chengdu, Sichuan Province, PRC	**113,132**	Logistics Facilities	Yes	580	**585**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Wuxi Yupei Logistics Park — Phase I, Northwestern corner of Zoumatang West Road and Yongjun Road, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, PRC	**61,609**	Logistics Facilities	Yes	297	**310**
Jiaxing Yupei Logistics Park, West of Sidian Gang, North of Xinchang Road, Nanhu District, Jiaxing, Zhejiang Province, PRC	**130,874**	Logistics Facilities	Yes	777	**787**
Changzhou Yupei Logistics Park, No. 1281 Huanghe West Road, Xinbei District, Changzhou, Jiangsu Province, PRC	**82,712**	Logistics Facilities	Yes	350	**359**
Nantong Yupei Logistics Park, Northeastern corner of Dongfang Avenue and Wei 18th Road, Nantong Sutong Science & Technology Park, Nantong, Jiangsu Province, PRC	**41,449**	Logistics Facilities	Yes	156	**162**
Suzhou Yuzhen Logistics Park, Northwestern corner of Wenchang Road and National Road 312, Suzhou New District, Suzhou, Jiangsu Province, PRC	**175,434**	Logistics Facilities	Yes	1,075	**1,111**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Harbin Yupei Logistics Park, East of Songhua Road, South of New Holland Co., Ltd, Harbin, Heilongjiang Province, PRC	**80,948**	Logistics Facilities	Yes	341	**337**
Wuxi Yupei Logistics Park — Phase II, Northeastern corner of Yongjun Road and Xidong Avenue, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, PRC	**124,392**	Logistics Facilities	Yes	587	**610**
Huai'an Yupei Logistics Park, No. 6 Kaixiang Road, Huai'an Economic & Technological Development Zone, Huai'an, Jiangsu Province, PRC	**57,689**	Logistics Facilities	Yes	192	**199**
Zhaoqing Yupei Logistics Park, Mafang Development Zone, Dasha Town, Sihui, Zhaoqing, Guangdong Province, PRC	**104,857**	Logistics Facilities	Yes	571	**579**
Dalian Yupei Logistics Park Phase I, East of Gaoxinyuan 10th Road, North of Gaoxinyuan 3rd Road, Jinzhou Economic and Technological Development Zone, Dalian, Liaoning Province, PRC	**139,785**	Logistics Facilities	Yes	538	**538**
Xianyang Yupei Logistics Park, North of Xinyuan Road and East of Weidong Road, Xianyang, Shaanxi Province, PRC	**112,731**	Logistics Facilities	Yes	561	**579**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Yupei Zhoushan E-commerce Logistics Industrial Park, Xingang Park, Zhoushan Economic Development Zone, Zhoushan, Zhejiang Province, PRC	**91,057**	Logistics Facilities	Yes	357	**357**
Kunming Yupei Logistics Park, Macheng Road, Chenggong District, Kunming, Yunnan Province, PRC	**102,454**	Logistics Facilities	Yes	472	**501**
Wuxi Yupei Logistics Park Phase III, Southwestern corner of Yongjun Road and Zoumatang West Road, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, PRC	**201,023**[(1)]	Logistics Facilities	Yes	940	**976**
Luohe Yupei Logistics Park, North of Xinluoshang Road and West of Yushan Road, Zhaoling District, Luohe, Henan Province, PRC	**58,804**	Logistics Facilities	Yes	—	**214**
Total	**2,797,951**			14,004	**14,607**

Note:

(1) As recorded in the real property ownership certificate obtained as at 31 December 2020.

The following table sets forth a summary of all the Group's completed and pre-stabilized projects as at 31 December 2020, together with the valuation of such projects:

Logistics Parks	**Total GFA as at 31 December 2020 (sq.m.)**	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	**Property Valuation as at 31 December 2020 (in RMB million)**
Chongqing Yupei Xipeng Logistics Park, No. 9 Yongping Road, Xipeng Town, Jiulongpo District, Chongqing, PRC	**151,443[(1)]**	Logistics Facilities	Yes	720	**715**
Zhoushan Yuhang Industrial Park, Dongsheng Community, Ganlan Town, Dinghai District, Zhoushan, Zhejiang Province, PRC	**25,801**	Logistics Facilities	Yes	110	**104**
Dalian Yupei Logistics Park Phase II, East of Gaoxinyuan 12th Road, North of Gaoxinyuan 3rd Road, Jinzhou Economic and Technological Development Zone, Dalian, Liaoning Province, PRC	**74,297[(1)]**	Logistics Facilities	Yes	292	**289**
Changsha Yupei Logistics Park, at the Intersection of Yuelu Avenue and Heye Road, Yuelu District, Changsha, Hunan Province, PRC	**119,843[(1)]**	Logistics Facilities	Yes	628	**647**
Jinan Yuzhen Logistics Park, South of Gangyuan 6th Road, West of Gangxing 1st Road and North of Gangyuan 7th Road, Jinan Comprehensive Free Trade Zone, Jinan, Shandong Province, PRC	**125,802**	Logistics Facilities	Yes	301	**601**

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Guiyang Yupei Logistics Park, Northwestern corner of Huayan Road and extension section of Guhuai Road, Huaxi District, Guiyang, Guizhou Province, PRC	**178,847**	Logistics Facilities	Yes	421	**762**
Qingdao Yuhang Logistics Park, North of Zongbao First Road, Jiaodong Air Economic Demonstrative Zone, Qingdao, Shandong Province, PRC	**99,152**	Logistics Facilities	Yes	120	**415**
Total	**775,185**			2,592	**3,533**

Note:

(1) As recorded in the real property ownership certificate obtained as at 31 December 2020.

Logistics Parks Under Development

The following table sets forth the overview of the Group's logistics parks under development as at 31 December 2020, together with the valuation of such logistics parks:

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Yuyao Yupei Logistics Park, Sino-Italy Ningbo Ecological Park, Yuyao, Zhejiang Province, PRC	**164,788**	Logistics Facilities	Yes	141	**448**
Bengbu Yupei Logistics Park, West of Daqing North Road and North of Huaishang Avenue, Huaishang District, Bengbu, Anhui Province, PRC[1]	**59,480**	Logistics Facilities	Yes	—	**167**
Nanning Yupei Logistics Park, South of Youyi Road and East of No. 5 Road, Wuyu Town, Nanning, Guangxi Province, PRC[1]	**70,540**	Logistics Facilities	Yes	—	**112**
Nanchang Yupei Logistics Park, West of Yanhe Road and North of Tianxiang Avenue, Nanchang Hi-tech Industrial Development Zone, Nanchang, Jiangxi Province, PRC[1]	**116,046**	Logistics Facilities	Yes	75	**215**
Total	**410,854**			216	**942**

Note:

(1) New logistic park under development in 2020.

Land Held for Future Development

The table below sets forth the overview of the Group's land held for future development as at 31 December 2020, together with the valuation of such projects:

Logistics Parks	Total GFA as at 31 December 2020 (sq.m.)	Use	Granted with land use rights by the PRC government	Property Valuation as at 31 December 2019 (in RMB million)	Property Valuation as at 31 December 2020 (in RMB million)
Shanghai Yupei Qingyang Logistics Park, East of Waiqingsong Highway, Qingpu District, Shanghai, PRC	**67,593**	Logistics Facilities	Yes	240	**253**
Shanghai Yuzai Logistics Park, Xuanqiao Town, Nanhui Industrial Zone, Pudong New District, Shanghai, PRC	**108,599**	Logistics Facilities	Yes	378	**397**
Shanghai Yupei Jinshan Logistics Park, Southwestern corner of Rongdong Road and Rongtian Road, Jinshan District, Shanghai, PRC	**72,171**	Logistics Facilities	Yes	212	**220**
Shanghai Yuji Logistics Park, No. 99 Jiangong Road, Fengjing Town, Jinshan District, Shanghai, PRC	**175,345**	Logistics Facilities	Yes	325	**337**
Total	**423,708**			1,155	**1,207**

Industry Overview

In 2020, the sudden COVID-19 outbreak has brought an unprecedented hit to the global economy. In response to such health emergency, countries around the world had to impose the "Great Lockdown", which brought economies to a standstill and resulted in the worst recession since the Great Depression in the 1930s. According to the International Monetary Fund ("**IMF**"), the global major economies, other than China, are expected to experience shrinkage of varying degrees, and the global economy is expected to shrink by 3.5% in 2020, representing 1.4 percentage points lower than the forecast in the World Economic Outlook Report issued on 24 June 2020. This reflected that although the global economy suffered a severe recession in 2020, the growth was stronger than expected in the second half of the year, indicating that, to a certain extent, the world economy is realizing a steady recovery as countries around the world continue to promote normalized pandemic prevention policies and implement various economic stimulus policies in view of numerous uncertainties ahead.

Affected by the COVID-19 outbreak and global economic volatility, many economic indicators of China in 2020 have been affected to varying degrees, which also inevitably exerted an impact on the logistics industry. With respect to the trend of the year, the economic activities across the country almost went into a halt in the first quarter. However, with the pandemic under effective control, China's economy began to fully recover since the second quarter, and the logistics industry also revitalized in line with such recovery. According to the National Bureau of Statistics ("**NBS**") of the People's Republic of China (the "**PRC**"), the gross domestic product ("**GDP**") exceeded the RMB100-trillion threshold for the first time in 2020, reaching RMB101.5986 trillion, a year-on-year increase of 2.3%, and was the only major economy in the world to post growth in the pandemic-ravaged year. China's economic recovery stayed ahead of the world. Despite a significant drop in GDP in the first quarter, the growth rate turned positive in the second quarter, growing 3.2%, with 4.9% in the third quarter and 6.5% in the fourth quarter, respectively, which demonstrated a V-shaped rebound trajectory and served as the main force behind the world economic recovery. In 2020, the total domestic retail sales of consumer goods for the year amounted to RMB39,198.1 billion, representing a year-on-year decrease of 3.9%, which was 6.5 percentage points lower than that in the first half of 2020. The domestic logistics operation revitalized against the trend and achieved a steady growth in 2020 with logistics scale reaching a new level and total revenue of the logistics industry maintaining growth. According to the China Federation of Logistics & Purchasing (CFLP), the total value of the national social logistics was RMB300.1 trillion in 2020, representing a year-on-year increase of 3.5% on the basis of the comparable prices. By quarter, the growth in the first quarter, the first half of the year and the first three quarters were -7.3%, -0.5% and 2.0%, respectively. The growth rate in the logistics scale continued to recover and further accelerated in the fourth quarter. In 2020, the total revenue of the logistics industry amounted to RMB10.5 trillion, representing an year-on-year increase of 2.2%. The growth rate of total revenue of the logistics industry turned from negative to positive in the third quarter and underwent a speedy rebound since the fourth quarter, resuming to the level in the previous year.

The total online retail sales for 2020 in China amounted to RMB11,760.1 billion, representing a year-on-year increase of 10.9% on a comparable basis. The total online retail sales of physical goods for the year amounted to RMB9,759 billion, representing a year-on-year increase of 14.8% on a comparable basis and accounting for 24.9% of the total retail sales of consumer goods, up by 4.0 percentage points over the previous year.

According to a report from DTZ Cushman & Wakefield Limited, as of the third quarter of 2020, the inventory level of the premium logistics warehouses in mainland China reached 65.78 million sq.m., with over 5 million sq.m. of new supply as compared with that in the fourth quarter in 2019. The domestic demand for logistics warehouses rebounded due to the release of consumption and the resumption of logistics activities. Inquiries for leasing and transactions of premium logistics warehouses across the country witnessed a significant increase. E-commerce, express delivery and supply chain customers continued to be the major parties in the leasing transactions. Demand for cool room resources around the world increased significantly from customers such as fresh produce e-commerce and community group buying. The vacancy rate of domestic premium logistics warehouses declined 0.5 percentage points compared to that of the second quarter of 2020, while rental levels remained stable. In general, the premium logistics facilities leasing market in China was affected to a certain extent at the early stage of the COVID-19 outbreak, which was more reflected in the restricted business exchanges and operations due to the blockade measures, rather than the actual shrinking of demand. With the effective control of the domestic epidemic and the restart of economic activities in full swing, the market demand for high-standard logistics facilities is gradually releasing and returns to normal levels. The future demand is expected to continue a growing trend, and the demand for e-commerce, retailers and third-party logistics (the "**3PL**") services will constitute the main driving force in the high-end logistics field and dominate the leasing market, while the overall demand for traditional retail and manufacturing will remain stable. According to the NBS of the PRC, the total online retail sales for the year amounted to RMB11,760.1 billion in 2020, representing a year-on-year increase of 10.9% on a comparable basis, and an increase of 3.6 percentage points compared to that in the first half of 2020. The total online retail sales of physical goods for the year amounted to RMB9,759 billion, representing a year-on-year increase of 14.8% on a comparable basis and accounting for 24.9% of the total retail sales of consumer goods, up by 4.0 percentage points over the previous year. With the further release of consumption potential in central and western regions and the vast rural areas in China, as well as the further popularization of the Internet and mobile Internet, e-commerce will continue to achieve rapid development in the future, and the COVID-19 outbreak will further change the consumption habits of the people. The leasing demand for high-standard warehouses, as driven by the development of e-commerce sector, will remain one of the major driving forces for the development of the logistics facilities sector in the future. With the official issuance of 5G commercial-use licenses by the Ministry of Industry and Information Technology in 2019, China officially entered into the opening year of 5G commercial-use. The 5G network will further empower the use of emerging technologies such as artificial intelligence ("**AI**"), big data, cloud computing and the Internet-of-Things in various industries to further improve logistics efficiency and accelerate the transformation towards intelligent traditional logistics real estate.

In general, the premium logistics facilities in the PRC have achieved a significant development in recent years, but compared with the United States, the general scale is still small for the vast-sized economy and population in China, whereas the area of logistics facilities per capita is significantly smaller than that in the developed markets, such as Europe, the United States and Japan. With the increasingly higher demand for logistics efficiency in the whole society, as well as the extensive investment in and application of the Internet, Internet-of-Things, AI, robots and big data, the elimination of low-efficiency obsolete logistics facilities will speed up to drive a continual rise of market demand for premium logistics facilities.

Outlook

Business Outlook

Since 2021, the global economic recovery trend has been reinforced. The reasons for the acceleration of the global economic recovery are as follows: Firstly, the COVID-19 pandemic has showed signs of easing as countries around the world continued to promote normalized prevention and control policies. According to Johns Hopkins University, as of 14:40 on 3 March 2021, there had been a downward trend concerning the overall new confirmed cases worldwide since 7 January 2021. Secondly, countries around the world have been actively promoting vaccination. Vaccination and the decline in the number of new confirmed cases of COVID-19 pandemic have provided a sound social environment for the global economic recovery. Thirdly, countries around the world have continued to maintain stronger fiscal and monetary policy support to ensure economic recovery. The major developed economies, including the Federal Reserve and the European Central Bank, continued to implement ultra-loose monetary policies, and have been developing new fiscal policy support programs. The IMF also updated its forecast in the World Economic Outlook in January 2021 that the global economy will grow by 5.5% in 2021 and 4.2% in 2022. While the global economy is recovering, it is also facing a number of uncertainties. First of all, the variant of the coronavirus may still exert an impact on the economy. Secondly, the loose monetary policy has led to a rapid rise of commodities prices along with expected rising global inflation. Thirdly, the continued expansion of fiscal policy has led to an increase in global debt risks. Last but not least, the recent fluctuations in financial markets have also become an important factor that hinders economic recovery.

With respect to the domestic economic situation in China, as regular prevention and control of the COVID-19 outbreak has been brought to the daily routine, the economic activities will still be impacted to a certain extent. However, the overall economic activities have been fully restarted, and the government has continued to introduce various economic recovery policies, which resulted in a significant rebound or narrower decline in a number of economic indicators since March 2020, which demonstrated a strong self-adjustment ability. In 2021, the PRC government set up a target for a GDP growth of over 6.0%, while the IMF predicted that the Chinese economy will grow by 8.1% in 2021. In 2020, China accomplished the great achievement of poverty eradication, and the next goal is to build an all-around moderately prosperous society, which indicated the PRC government will continue to focus on the improvement in income and living quality of the general public in future. The logistics industry and warehousing facilities will continue to benefit from China's fast-growing economy.

In 2021, the Group will continue its efforts to achieve its goal to develop into the largest provider of premium logistics facilities in China and maintaining its leading position as a premium logistics facilities provider in China. The Group intends to continue to pursue the following:

- *Strengthen nationwide network across major logistics hubs* — The Group has continued to strengthen its nationwide network of logistics facilities by developing its land held for future development and acquiring new land for investment projects, identifying new investment projects and selectively acquiring existing logistics facilities. As at 31 December 2020, the Group has approximately 0.4 million sq.m. of GFA of land held for future development and approximately 3.8 million sq.m. of GFA of investment projects. Going forward, the Group plans to continue its focus in regions that are more economically developed, such as the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta economic zone, the Bohai economic zone and the Pearl River Delta economic zone, as well as other selected provincial and logistics node cities, to continuously strengthen its nationwide network. For example, in the Greater Bay Area, in addition to our existing Zhaoqing and Huizhou projects, which have been in operation, we will use the opportunity brought by the country's promotion of the construction of the Greater Bay Area and the integration of the Yangtze River Delta to actively seek new investment opportunities in the region with an aim to continue to build a network of logistics facilities in the region.

- *Accelerate lease-up cycle and optimize tenant portfolio* — In 2020, the occupancy rate for our stabilized logistics parks reached 90.2%, maintaining a high occupancy rate despite the impact of COVID-19 pandemic, which represented one of our achievements attributable to our continuous efforts in promoting the strategy of accelerating lease-up cycle and optimizing tenant portfolio. In the future, the Group will continue to maintain constant dialogues with both existing and prospective tenants to manage lease renewals and fill up vacancies at its logistics facilities in a timely and efficient manner. In particular, the Group will continue to leverage the strong network effect of its logistics facilities portfolio to attract existing and prospective tenants with a view to expanding the Group's national footprint in China. In the meantime, in view of the continuous growth of China's domestic consumption and e-commerce market as well as the strong growth of emerging industries such as new retail, the Group will continue to optimize its tenant portfolio and increase the proportion of such companies to better meet the market demand.

- *Innovate product portfolio in response to the market demand* – In recent years, in addition to the efforts we have made to facilitate the traditional and high standard of warehousing services and the development of its ancillary facilities, we have also strived to satisfy the warehousing needs of difference types of customers, such as fresh food e-commerce companies, cold chain operators, etc., through continuous adjustments to our products. The cold chain market has experienced rapid expansion due to the upgrade of the consumption industry in the PRC and gradual standardization of the logistics industry. According to the relevant data regarding the cold chain logistics network in the PRC, the market size of the fresh food e-commerce in the PRC has grown at a compound growth rate of over 50% to more than RMB350 billion between 2016 and 2019. However, there are still some issues facing the cold chain ancillary warehousing facilities currently in the PRC, such as supply shortage, high construction cost and poor warehousing facilities. Aiming to optimize the Group's own product structure and better serve our customers, we plan to join hands with relevant quality cold chain facilities providers in the future to commence renovation and construction of certain warehousing facilities and build cold room facilities equipped with a precise temperature control system, with a view to satisfying regional warehousing needs of various fresh food ecommerce companies and other customers. In the beginning, we will focus our efforts on domestic core markets to provide our customers with corresponding high-standard cold room facilities.

- *Diversify sources of capital and lower cost of capital* — The Group will strive to expand our own financing platform by leveraging the advantages of Hong Kong being an international financial center. The Group will absorb domestic and foreign capital to reduce financing costs through bonds, loans and other diversified financing channels. The Group will also develop its own fund investment management platform to achieve a more flexible capital operation and to gain better control over the Group's asset-liability ratio.

- *Attract, motivate and cultivate management talent and personnel* — The Group will continue to recruit both domestic and international talent in order to create a well-rounded work force with a diversity of backgrounds. The Group will also continue to provide training programs and essential learning tools with a view to cultivating top tier management talent in the logistics facilities industry. Similarly, the Group will also seek to diversify and enhance its incentive mechanisms to better align the interests of management, employees and the Group.

- *Reduce the environmental impact of operations* — The Group is committed to reducing the environmental impact of its operations and promoting environmental sustainability. The Group will continue to increase its efforts to expand its business with minimal environmental impact going forward by designing and developing its projects based on long-term energy savings and efficiencies. In particular, it plans to increase the use of clean and renewable energy and reduce the Group's carbon footprint by installing solar panel on top of its logistics facilities. Besides, the Group will experimentally install water recycling system in some logistics parks, and will promote it to all logistics parks across the country after achieving favorable results.

Industry Outlook

The Group believes that China's premium logistics facilities market will be affected by the following growth drivers:

- *Greater disposable income and increasing urbanization* — A substantial supply shortage of logistics facilities has emerged and continues to increase as the economic growth in China is expected to be driven by increasing consumption in the future, exceeding the PRC government and private sector investments in the past. Greater disposable income, urbanization and e-commerce have emerged as dominant economic growth drivers. Greater disposable income drives increased contribution of consumption to the overall economy.

- *Growing e-commerce market in China* — China's e-commerce industry will continue to experience strong growth in 2021. Key drivers for this growth include, among others, the unmet demand for many products in smaller cities and towns and the growing rate of internet usage in China. China's rural e-commerce market will maintain its rapid development, and its growth rate will be far higher than the national average level.

- *Growing 3PL market* — The 3PL industry will continue to experience steady growth in 2021. Key drivers for this growth include the demand for more efficient logistics services, rapid development in transportation infrastructure, and the trend for an increasing number of retailers, manufacturers and others choosing to outsource logistics for cost saving and efficiency. The Chinese government aims to further lower the ratio of the total social logistics cost to GDP, targeting to lower the ratio to about 12% by 2025. To achieve this goal, more investments in high-standard logistics facilities are required to improve logistics efficiency.

- *Favorable government policy* — Numerous government publications have highlighted the importance of logistics to China's economic growth. For example, "Layout and Construction Plan of National Logistics Hubs" (《國家物流樞紐佈局和建設規劃》) released by the National Development and Reform Commission and Ministry of Transport of China proposes that China will further optimize its industrial structure and spatial layout. It is estimated that about 150 national logistics hubs will be deployed and constructed by 2025, enabling the overall logistics industry to achieve the goal of reducing costs and improving efficiency in a continuous way.

Moreover, a total of 24 ministries and commissions, including the National Development and Reform Commission, jointly issued "Opinions on Promoting High-quality Development of Logistics Industry to Form a Strong Domestic Market" (《關於推動物流高質量發展促進形成强大國內市場的意見》) in 2019, emphasizing once again the goals of consolidating the achievements of reducing costs and improving efficiency in logistics, enhancing the vitality of logistics enterprises, increasing the cost efficiency of the industry and supporting the smooth operation of full-chain logistics.

On 30 April 2020, the China Securities Regulatory Commission and the National Development and Reform Commission jointly issued the "Notice on the Promotion of the Pilot Program for Real Estate Investment Trusts (REITs) in the Infrastructure Sector" (《關於推進基礎設施領域不動產投資信託基金(REITs)試點相關工作的通知》). This notice marks the official commencement of the pilot program of REITs in China's infrastructure sector. It is foreseeable that this innovative measure will be able to strengthen the deep connection between the capital market and the real economy in the Chinese market, innovate the existing investment and financing mechanisms, effectively revitalize the stock assets, and push the high-quality development of the infrastructure. The logistics real estate infrastructure involved in this REITs pilot will certainly be benefited by this policy. Logistics real estate facility development enterprises will have access to diversified and high-quality financing channels, reduce capital occupation of their own operations, and reduce asset turnover, which is conducive for achieving their efficient, stable and continuous expansion.

Overall, consumption is a major driver of demand for modern logistics facilities, which is a long-term trend driven by population growth, urbanization and the growing middle class.

With an expected growth of the global e-commerce sales at a rate of 20% per annum, e-commerce is becoming more and more important to consumers, which surpasses the traditional retail sector. Consumers continuously move towards organized retail channels, including e-commerce and chain stores. The demand for modern logistics solutions has been propelled due to this large-scale and highly-efficient transportation of goods.

In the long run, although the supply levels of modern logistics facilities are far from enough compared with that of developed countries throughout the world, China is still the core market for the development of logistics. As supply is evolving in the coming year, enterprises need more high-quality modern warehouse facilities to improve operational efficiency so as to satisfy consumers' growing logistics demands.

In addition, an obvious industry trend shows that more high-quality 3PL enterprises are constantly emerging, which integrates the traditional fragmented logistics business of small and medium-sized retail manufacturers, as a result, assisting the logistics network in achieving economies of scale and enhanced efficiency. 3PL enterprises and large-scale e-commerce enterprises constantly leverage on big data, cloud computing, smart logistics and other technologies to fuse the entire industry with new technologies, with an aim to promote the continuous optimization and progress of China's logistics industry.

ACKNOWLEDGEMENT

Finally, on behalf of the Board (the "**Board**") of Directors (the "**Directors**") of the Company, I would like to express my sincere gratitude to all our employees for their contributions and hard work, as well as our shareholders, bondholders, financing and business partners for their strong support over the past year!

Li Shifa
Chairman of the Board
Hong Kong, 30 March 2021

Management Discussion and Analysis

The following table is a summary of the Group's Annual Results with line items in absolute amounts and as percentages of the Group's total revenue for the years indicated, together with the change (expressed in percentages) from the year ended 31 December 2019 to the year ended 31 December 2020:

	For the year ended 31 December				Year-on-Year
	2020		2019		Change
	RMB'000	%	RMB'000	%	%
			Restated		
Consolidated Statement of Comprehensive Income					
Revenue	**798,637**	**100.0**	712,506	100.0	12.1
Cost of sales	**(180,380)**	**(22.6)**	(165,781)	(23.3)	8.8
Gross profit	**618,257**	**77.4**	546,725	76.7	13.1
Selling and marketing expenses	**(34,574)**	**(4.3)**	(33,931)	(4.8)	1.9
Administrative expenses	**(117,011)**	**(14.7)**	(108,198)	(15.2)	8.1
Net impairment losses on financial assets	**(1,532)**	**(0.2)**	(1,349)	(0.2)	13.6
Other income	**27,439**	**3.4**	19,160	2.7	43.2
Fair value gains on investment properties — net	**678,559**	**85.0**	754,763	105.9	(10.1)
Fair value losses on convertible bonds — net	**(802,092)**	**(100.4)**	(37,732)	(5.3)	2,025.8
Other gains/(losses) — net	**429,043**	**53.7**	(133,918)	(18.8)	(420.4)
Operating profit	**798,089**	**99.9**	1,005,520	141.1	(20.6)
Finance income	**35,717**	**4.5**	29,306	4.1	21.9
Finance costs	**(488,302)**	**(61.1)**	(481,884)	(67.6)	1.3
Finance expenses — net	**(452,585)**	**(56.7)**	(452,578)	(63.5)	0.0
Share of profit of investments accounted for using the equity method	**9,920**	**1.2**	88,575	12.4	(88.8)
Profit before income tax	**355,424**	**44.5**	641,517	90.0	(44.6)
Income tax expense	**(288,804)**	**(36.2)**	(292,272)	(41.0)	(1.2)
Profit for the year	**66,620**	**8.3**	349,245	49.0	(80.9)

	For the year ended 31 December				Year-on-Year
	2020		2019		**Change**
	RMB'000	**%**	RMB'000 Restated	%	**%**
Profit for the year attributable to:					
Owners of the Company	**22,835**	**2.9**	257,192	36.1	(91.1)
Non-controlling interests	**43,785**	**5.5**	92,053	12.9	(52.4)
	66,620	**8.3**	349,245	49.0	(80.9)
Other comprehensive (loss)/income for the year, net of tax	**(132,167)**	**(16.5)**	73,897	10.4	(278.9)
Total comprehensive (loss)/income for the year	**(65,547)**	**(8.2)**	423,142	59.4	(115.5)
Total comprehensive (loss)/income for the year attributable to:					
Owners of the Company	**(109,332)**	**(13.7)**	331,089	46.5	(133.0)
Non-controlling interests	**43,785**	**5.5**	92,053	12.9	(52.4)
	(65,547)	**(8.2)**	423,142	59.4	(115.5)
Earnings per share for profit attributable to owners of the Company (expressed in RMB)					
Basic	**0.0070**		0.0795		
Diluted	**0.0070**		0.0795		

Revenue

The Group's revenue increased by 12.1% from RMB712.5 million in 2019 to RMB798.6 million in 2020, primarily attributable to (i) an increase in the number of the Group's logistics parks in operation and therefore the total GFA in operation, which is a part of the Group's nationwide expansion plan; (ii) an increase of average occupancy of logistics parks which were completed and put into operation in 2019 during the year of 2020; and (iii) an increase in the average unit rental.

Cost of Sales

The Group's cost of sales increased by 8.8% from RMB165.8 million in 2019 to RMB180.4 million in 2020, primarily as a result of an increase in the scale of the Group's operation. As a percentage of the Group's revenue, the Group's cost of sales decreased from 23.3% in 2019 to 22.6% in 2020. The decrease was primarily attributable to economies of scale from the Group's growing operation scale and the increase of the operational efficiency of the Group.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by 13.1% from RMB546.7 million in 2019 to RMB618.3 million in 2020, and the Group's gross profit margin increased from 76.7% in 2019 to 77.4% in 2020.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 1.9% from RMB33.9 million in 2019 to RMB34.6 million in 2020, primarily due to the expansion of the Group's in-house sales and marketing team with the increased operation scale. As a percentage of the Group's revenue, selling and marketing expenses decreased from 4.8% in 2019 to 4.3% in 2020, primarily due to economies of scale from the Group's growing operation scale and the increase of the operational efficiency of the Group.

Administrative Expenses

The Group's administrative expenses increased by 8.1% from RMB108.2 million in 2019 to RMB117.0 million in 2020, primarily as a result of an increase in consultation fees. As a percentage of the Group's revenue, administrative expenses decreased from 15.2% in 2019 to 14.7% in 2020. The decrease was primarily attributable to economies of scale from the Group's growing operation scale and the increase of the Group's operational efficiency.

Net Impairment Losses on Financial Assets

The Group recorded net impairment losses on financial assets of RMB1.5 million for the Reporting Period. The Group recognized net impairment losses of RMB1.3 million on financial assets for the year of 2019.

Other Income

The Group's other income increased by 43.2% from RMB19.2 million in 2019 to RMB27.4 million in 2020, primarily due to the increase of the government grants received by the Group from the local government authority.

Fair Value Gains on Investment Properties — Net

The Group's net fair value gains on investment properties decreased by 10.1% from RMB754.8 million in 2019 to RMB678.6 million in 2020, primarily attributable to (i) as a result of the Group's asset-light strategy, the disposal of 90% equity interest of two subsidiaries which values were not included in the fair value gains on investment properties of the Group for the Reporting Period; and (ii) the slowdown of project development progress, resulting in the overall decrease in the fair value gains on the projects under development in 2020.

Fair Value Losses on Convertible Bonds — Net

The Group's fair value losses on convertible bonds increased significantly from RMB37.7 million in 2019 to RMB802.1 million in 2020. The increase was primarily attributable to a continuous rise in Group's share price in 2020, which increased the value of the convertible bonds. The fair value losses on convertible bonds is a non-cash charge, and it does not affect the Group's liquidity. The changes in fair value will be gradually reflected in the equity attributable to owners of the Company through equity and premium or retained earnings on or before the maturity of convertible bonds.

Other Gains/(Losses) — Net

The Group's other gains amounted to RMB429.0 million in 2020 as compared with other losses of RMB133.9 million in 2019, primarily as a result of gain from (i) the disposal of 90% equity interest in two subsidiaries in 2020; and (ii) the change of the Company's functional currency to Hong Kong dollars and the exchange gains raised from net receivables denominated in Renminbi.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 20.6% from RMB1,005.5 million in 2019 to RMB798.1 million in 2020. Excluding the impact of fair value losses on convertible bonds, the operating profit for the Reporting Period was RMB1,599.2 million which increased by 53.3% when compared to the operating profit excluding the impact of fair value losses on convertible bonds in 2019. As a percentage of the Group's revenue, the Group's operating profit decreased from 141.1% in 2019 to 99.9% in 2020.

Finance Income

The Group's finance income increased by 21.9% from RMB29.3 million in 2019 to RMB35.7 million in 2020, primarily due to the increase in exchange gain which arised from the U.S. dollars denominated borrowings of the Company.

Finance Costs

The Group's finance costs increased by 1.3% from RMB481.9 million in 2019 to RMB488.3 million in 2020, primarily due to an increase in interest expense on the Group's outstanding borrowings.

Income Tax Expense

The Group's income tax expense decreased by 1.2% from RMB292.3 million in 2019 to RMB288.8 million in 2020, primarily as a result of the decrease in fair value gains and losses, which has reduced the deferred income tax expense. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, increased from 45.6% in 2019 to 81.3% in 2020, primarily due to the increase in fair value losses on convertible bonds incurred in 2020, which resulted in a decrease in the Group's profit before tax.

Profit for the year

As a result of the foregoing, the Group's profit of the year decreased by 80.9% from RMB349.2 million in 2019 to RMB66.6 million in 2020. The Group's profit for the year attributable to the owners of the Company decreased by 91.1% from RMB257.2 million in 2019 to RMB22.8 million in 2020.

Non-IFRSs Measure

To supplement the Group's consolidated annual financial information which is presented in accordance with IFRSs, the Group also uses core net profit as an additional financial measure. The Group presents the financial measure because it is used by the Group's management to evaluate its operating performance.

Core Net Profit

The Group defines its core net profit as its adjusted EBITDA, which consists of profit for the year, adding back our interest expense on borrowings, other losses, net exchange losses, income tax expense, amortization expense and depreciation charge, further adjusted to deduct our other income, fair value gains on investment properties — net, fair value losses on convertible bonds — net and other gains, interest income on bank deposits, net exchange gains and share of profit of investments accounted for using the equity method.

The Group's core net profit increased from RMB454.5 million in 2019 to RMB510.4 million in 2020. The increase was primarily due to the revenue growth as a result of the Group's nationwide expansion as well as economies of scale it achieved through the expansion process. As a percentage of the Group's revenue, the Group's core net profit remained relatively stable in 2020 at 63.9% as compared with 63.8% in 2019.

Liquidity and Capital Resources

In 2020, the Group financed its operations primarily through cash from the Group's operations, borrowings from banks and financial institutions and the issuance of senior notes, convertible bonds, ABN and CMBS. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth and borrowings.

Cash and cash equivalents

As at 31 December 2020, the Group had cash and cash equivalents of RMB1,033.4 million (31 December 2019: RMB1,166.3 million), which primarily consisted of cash at bank and on hand that were mainly denominated in Renminbi (as to 79.5%), U.S. dollars (as to 0.9%), and Hong Kong dollars (as to 19.6%).

In view of the Group's currency mix, the Group currently does not use any derivative contracts to hedge against the Group's exposure to currency risk. The Group's management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Indebtedness

(a) Borrowings

As at 31 December 2020, the Group's total outstanding borrowings amounted to RMB7,101.0 million. The Group's borrowings were denominated in Renminbi (as to 83.4%) and U.S. dollars (as to 16.6%). The following table sets forth a breakdown of the Group's current and non-current borrowings as at the dates indicated:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Long-term bank borrowings		
— secured by assets	**3,321,126**	4,075,632
— secured by assets and equity interest of certain subsidiaries	**1,387,676**	—
— secured by equity interest of certain subsidiaries	**—**	50,000
Senior notes		
— secured by guarantees and pledges provided by certain subsidiaries	**1,066,083**	2,790,063
Long-term borrowings from other financial institutions		
— secured by assets and equity interests of certain subsidiaries	**350,070**	—
ABN		
— secured by assets	**448,160**	448,272
CMBS		
— secured by assets	**477,840**	—
Less: Long-term bank borrowings due within one year	**(675,074)**	(446,404)
Long-term borrowings from other financial institutions due within one year	**(72,521)**	—
Senior notes due within one year	**(91,912)**	(1,673,447)
ABN due within one year	**(415)**	(554)
	6,211,033	5,243,562

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current		
Short-term bank borrowings		
— unsecured	**50,000**	20,000
Current portion of long-term bank borrowings		
— secured by assets	**544,378**	446,404
— secured by assets and equity interest of certain subsidiaries	**130,696**	—
Current portion of senior notes		
— secured by guarantees and pledges provided by certain subsidiaries	**91,912**	1,673,447
Current portion of long-term borrowings from other financial institutions		
— secured by assets and equity interests of certain subsidiaries	**72,521**	—
Current portion of ABN		
— secured by assets	**415**	554
	889,922	2,140,405
Total borrowings	**7,100,955**	7,383,967

The Group's total outstanding borrowings amounted to RMB7,384.0 million and RMB7,101.0 million as at 31 December 2019 and 2020, respectively. The decrease in the Group's total borrowings was primarily due to the repayment of certain senior notes in 2020.

On 7 August 2020, the Company's subsidiary, Shanghai Yupei (Group) Company Limited (上海宇培(集團)有限公司) ("**Shanghai Yupei**") issued commercial mortgage backed securities (the "**CMBS**") in the principal amount of RMB530,000,000, among which RMB30,000,000 were repurchased by Shanghai Yupei. The borrowers of the CMBS are two project subsidiaries of the Group. Shanghai Yupei and the Company provided guarantees for the CMBS. The CMBS will mature on 4 May 2038 unless earlier redeemed in accordance with the terms thereof. The CMBS bear interest at a rate of 4.15% per annum, and both principal and interest are payable quarterly. Please see Note 19 to the consolidated financial statement for further details.

As at 31 December 2020, the Group's borrowings of RMB3,467.3 million (31 December 2019: RMB4,741.9 million) bore fixed interest rates and the remaining borrowings bear floating interest rates. The weighted average effective interest rates of the Group's borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that were outstanding during the period, for the year ended 31 December 2019 and 2020 were as follows:

	As at 31 December	
	2020	2019
RMB	**5.9%**	6.0%
US$	**11.2%**	10.1%

The following table sets forth summaries of the Group's current and non-current total borrowings by maturity, as at the dates indicated:

	As at 31 December	
	2020	2019
	(in RMB thousands)	
Within one year	**889,922**	2,140,405
Between one and two years	**2,009,408**	1,820,148
Between two and five years	**1,713,998**	1,684,444
Over five years	**2,487,627**	1,738,970
Total Borrowings	**7,100,955**	7,383,967

The Group has the following undrawn borrowing facilities:

	As at 31 December	
	2020	2019
	(in RMB thousands)	
Floating rate:		
Expiring beyond one year	**717,978**	376,500
Fixed rate:		
Expiring over one year	**40,700**	—
	758,678	376,500

Gearing ratio

The Group's gearing ratio is calculated by dividing (i) the Group's total borrowings, convertible bonds and lease liabilities less cash and cash equivalents and restricted cash, being the Group's net debt, by (ii) the sum of net debt and the Group's total equity, being the Group's total capital. As at 31 December 2019 and 2020, the Group's gearing ratio was 38.0% and 41.6%, respectively.

Capital expenditures

The Group made payment for the capital expenditures representing the spent on the development of its logistics park projects, the acquisition of land and the acquisition of property, plant and equipment of RMB1,606.2 million in 2020. In 2019, the Group made capital expenditure of RMB1,902.2 million. The Group's capital expenditure in 2020 was funded primarily by cash generated from its operating activities and bank borrowings.

Contingent liabilities and guarantees

As at 31 December 2020, there were no significant unrecorded contingent liabilities, guarantees or litigations against the Group.

Charge on group assets

As at 31 December 2020, investment properties of the Group with a total fair value amount of RMB18,261.0 million (2019: RMB15,517.0 million) were pledged as collateral mortgaged to secure bank borrowings of the Group. See Note 8 set out to the consolidated financial statements in this report for further details.

Funding and treasury policy

The Group adopts a stable, conservative approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Material acquisitions and disposals and future plans for major investment

During the Reporting Period, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Company's prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Human resources

As at 31 December 2020, the Group had a total of 201 employees. The Group has established comprehensive training programs to support and encourage its employees and continued to organize on-the-job training on a regular basis to employees from members of its management team to newly hired employees to improve their relevant skills at work. The Group offers competitive remuneration package which includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its determinations on salary raises, bonuses and promotion. The Group's employee benefit expenses include salaries, benefits and other compensations paid to all of its employees.

In 2020, the total employee benefit expenses of the Group (including salaries, wages, bonuses, employee share option expenses, pension, housing, medical insurance, directors' emoluments and other social insurance) amounted to RMB59.0 million, representing approximately 7.4% of the total revenue of the Group.

Pursuant to the Company's pre-IPO share option scheme, options to subscribe for an aggregate amount of 15,824,000 shares (representing approximately 0.49% of the total number issued shares of the Company as at the date of this report) have been granted by the Company under the pre-IPO share option scheme, among which no shares were forfeited during 2020 and 1,872,200 shares remained outstanding as at 31 December 2020.

DIVIDENDS

The Company did not declare or distribute any dividend to the shareholders of the Company for the year ended 31 December 2020.

Biographies of the Directors, Senior Management and Secretary

DIRECTORS

Executive Directors

Mr. Li Shifa（李士發）, aged 57, is the founder of the Group and was appointed as chairman of the Board, president of the Group and an executive director of the Company on 12 November 2013. He has been appointed as the chief executive officer of the Group (the "**Chief Executive Officer**") with effect from 26 April 2019. He is also the chairman of the nomination committee of the Board (the "**Nomination Committee**") and a member of the remuneration committee of the Board (the "**Remuneration Committee**"). Mr. Li is the executive director and president of Shanghai Yupei, the Group's principal operating subsidiary in the PRC, and holds positions as the chairman, executive director, president and/or general manager at each of the subsidiaries of the Company. Mr. Li started the logistics facilities business in the year 2000. With more than 20 years of experience in the logistics facilities industry, Mr. Li has been the key driver of the business strategies and achievements of the Group. He is primarily responsible for formulating and leading the implementation of the overall development strategies and business plans of the Group and overseeing the management and strategic development of the Group. Mr. Li has been a committee member of the Wuhu City Chinese People's Political Consultative Conference（蕪湖市政治協商會議）from January 2013 to July 2018 and the vice-president of the China Association of Warehouses and Storage（中國倉儲協會）since December 2014. Mr. Li has been the president of the chamber of Commerce of Shanghai Hongqiao Business District since 30 August 2019. Mr. Li is the father of Ms. Li Qing, a non-executive director and vice-president of the Group. Mr. Li is also a director of Yupei International Investment Management Co., Ltd, one of the substantial shareholders of the Company.

Mr. Wu Guolin（吳國林）, aged 51, was appointed as an executive director and the chief operating officer of the Company on 30 March 2017 and 26 March 2018, respectively. Mr. Wu joined the Group in the year 2000 as a vice-president of Shanghai Yupei. He was appointed as a senior vice-president of Shanghai Yupei from November 2012 to December 2018 and the senior vice-president of the Company in November 2013. Mr. Wu was appointed as the Chief Operating Officer of Shanghai Yupei in January 2019. Mr. Wu is mainly responsible for managing daily operation of the Group. Mr. Wu was certified as a senior engineer (building and construction specialty) by the senior assessment committee of Hubei Province（湖北省高級評審委員會）, the PRC, in October 2006. Prior to joining the Group, Mr. Wu was project manager at Nanjing Housing Construction Corporation（南京市住宅建設總公司）, a company engaged in property construction work, from September 1995 to December 1998, during which he was responsible for overseeing and managing contracted construction work. From January 1999 to May 2000, Mr. Wu was a manager at the construction project department of Shanghai Huaying Construction and Installation Co., Ltd.（上海華英建築安裝有限公司）, a company engaged in the provision of property construction and installation services, where he was responsible for overseeing and managing contracted projects. Mr. Wu graduated from Shanghai Jiaotong University（上海交通大學）with a bachelor's degree in civil engineering and obtained a certificate for having completed the practical real estate executive training program, organized by Tsinghua University（清華大學）, the PRC, in June 2009.

Ms. Li Huifang（李慧芳）, aged 39, was appointed as an executive director and vice-president of the Company on 30 March 2017 and 26 March 2018, respectively. Ms. Li joined the Group in April 2008 and was appointed as a vice-president of Shanghai Yupei in January 2017. She is in charge of the day-to-day financial matters of the Company's project companies in the PRC. Prior to her current position, Ms. Li served as the director of the financial department of Shanghai Yupei from February 2015 and as finance manager of Shanghai Yupei from April 2008 to February 2015, responsible for the day-to-day financial matters of Shanghai Yupei. From February 2006 to April 2008, Ms. Li was a finance manager of Shanghai Feiyu International Trading Company Limited（上海飛域國際貿易有限公司）(now known as Shanghai Yingyu International Trading Company Limited（上海盈域國際貿易有限公司）), a company engaged in the business of import and export of goods and technology, where she was responsible for the day-to-day financial auditing, tax and bank financing matters of its headquarters and subsidiaries. From May 2003 to February 2006, Ms. Li served as an accountant at Shanghai Yupei Industry Company Limited（上海宇培實業有限公司）(now known as Shanghai Yupei Industry (Group) Company Limited（上海宇培實業（集團）有限公司）), which is engaged in the business of, amongst others, the operation of logistics parks, and was primarily responsible for matters in relation to financial auditing and tax filings. Ms. Li was certified to have attained the intermediate level in accounting by the Ministry of Finance of the PRC in May 2007. Ms. Li passed the Self-taught Higher Education Examinations and obtained a graduation certificate (majoring in accounting) jointly issued by the Shanghai Self-taught Higher Education Examinations Committee（上海市高等教育自學考試委員會）and the Shanghai University of Finance and Economics（上海財經大學）, the PRC, in December 2011.

Mr. Cheuk Shun Wah（卓順華）, aged 55, was appointed as an executive director and the chief financial officer of the Company on 17 August 2017 and 26 March 2018, respectively. Mr. Cheuk joined the Group in October 2016 as a senior vice-president of the Company. Mr Cheuk is responsible for overseeing the Company's capital markets and investor relationships functions, as well as its financial management and control. He is a finance and accounting veteran with near 30 years of experience in Europe and Asia. Prior to joining the Group, he was the chief financial officer of Trendy International Group Ltd, an international fashion conglomerate, from 2012 to 2016, where he was responsible for overseeing and supervising the overall finance and related operations of the company. Mr. Cheuk has held senior finance positions at multinational companies. He was head of group strategic development at Dickson Concepts (International) Limited, a company engaging in the retail and wholesale distribution and licensing of luxury products, and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 0113), from 2011 to 2012, where he was responsible for formulating and driving business development strategies. From 2007 to 2011, he was the senior vice president (group finance) of Esprit Holdings Limited (a company engaged in the retail and distribution and licensing of lifestyle products and listed on the Main Board of the Stock Exchange (stock code: 0330)), where he was responsible for overseeing and managing the finance and accounting matters at the group level and led a team which included finance, information technology, legal and tax functions in the integration of business from the PRC. From 2004 to 2007, he was the chief financial officer and senior vice president of Shanghai Lotus Supermarket Chain Store Co., Ltd (a subsidiary of the Charoen Pokphand Group and a foreign supermarket chain operating in the PRC), where he was responsible for overseeing and managing the finance and accounting matters of the company. From 2003 to 2004, he was the director of finance (Asia) at Esprit Regional Service Limited, a subsidiary of Esprit Holdings Limited, where he was in charge of the finance and accounting matters of the regional businesses in Asia. From 1993 to 2003, Mr. Cheuk has also held various positions at A.S. Watson Group (a subsidiary of CK Hutchison Holdings Limited and an international health and beauty retailer), including finance director, global finance director and regional financial controller, where he was responsible for, amongst others, overseeing and directing financial activities of the company and leading teams at a number of divisions. Mr. Cheuk was an associate member of the Hong Kong Institute of Certified Public Accountants from April 1993 and has been a fellow member since February 2004. He has also been a fellow of The Association of Chartered Certified Accountants since October 1997. He obtained a professional diploma in accountancy from The Hong Kong Polytechnic University in 1989 and he holds a Master of Business Administration degree conferred by the University of South Australia in May 1998.

Ms. Shi Lianghua (石亮華), aged 50, was appointed as an executive director of the Company on 17 August 2017. Ms. Shi joined the Group in September 2011 as senior vice-president of Shanghai Yupei. She was appointed as senior vice-president of the Company in November 2013. Ms. Shi is responsible for managing project financing, contracting, planning and design, cost control and related matters of the Group. Ms. Shi was certified as an engineer by the assessment committee of The Second Navigational Engineering Bureau of CHEC (中港第二航務工程局), the PRC, in August 1998; and was certified to have attained the intermediate qualification level in construction economics by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in November 1998. She was also certified as National First-Class Registered Architect by the Ministry of Construction of the People's Republic of China (中華人民共和國建設部) in November 2006. Prior to joining the Group, Ms. Shi served various positions including engineer, cost engineer as well as project director at The Second Navigational Engineering Bureau of CHEC, a member of a state-owned construction group, from August 1991 to September 2000, during which she was responsible for project cost and project management. She joined Shanghai ABC Steel Structure Co., Ltd. (上海美建鋼結構有限公司), a foreign manufacturer of steel structures, as department manager in November 2000 and became executive controller in 2005, during which she was responsible for contract executions and managing business operations, until April 2007. She then assumed the position of chief officer at the engineering and construction center of Shanghai Gaorong Group (上海高榕集團) from May 2007 to August 2011, during which she had overall responsibility for managing and initiating group investment in real estate projects and group infrastructure projects. Ms. Shi obtained a diploma in harbor engineering from Nanjing Harbor Engineering College (南京航務工程專科學校), the PRC, in July 1991; a bachelor's degree in engineering management from Huazhong University of Science and Technology (華中科技大學), the PRC, in July 2000; and a master's degree in business administration from Donghua University (東華大學), the PRC, in December 2008.

Mr. Xie Xiangdong (謝向東), aged 52, was appointed as a vice president of the Group on 1 January 2019. He worked as a deputy director of general office of Shanghai Yupei Industry Co., Ltd. (上海宇培實業有限公司) from January 2000 to December 2009. He was appointed as a manager in materials department of Shanghai Yupei Industry Group Company Limited (上海宇培實業(集團)有限公司) in January 2010. From January 2012 to December 2013, he worked as a vice president of procurement in the procurement and supply center of Shanghai Yupei Architecture Decoration Engineering Co., Ltd. (上海宇培建築裝飾工程有限公司). He was appointed as the director of assets management department of Shanghai Yupei in January 2014 and subsequently appointed as a vice president of Shanghai Yupei in May 2018, being responsible for the management of the Group's assets and properties. Mr. Xie was certified as an engineer by Human Resources and Social Security Department of Anhui Province, PRC, in April 2011. Mr. Xie obtained an associate degree in Architectural Engineering and Technology from Central China Normal University (華中師範大學) in July 2018.

Mr. Wu Guozhou (吳國州) , aged 44, was appointed as an executive director of the Company on 16 November 2020. He was also appointed as a vice president of Shanghai Yupei the Group's principal operating subsidiary in the PRC, in February 2020 and responsible for managing project engineering of the Group. Mr. Wu worked as a technician of Shanghai Shisanye Seven Company (上海十三冶七公司) from August 1998 to August 1999, and subsequently served as the technical director from August 1999 to February 2001 and the director of material management department from February 2001 to February 2002. Mr. Wu worked as the project chief engineer and director of engineering management department of Shanghai Shisanye Steel Structure Branch (上海十三冶鋼結構分公司) from February 2002 to May 2005, and subsequently served as the deputy chief engineer, project manager and deputy executive project manager from May 2005 to March 2010. Mr. Wu worked as the chief engineer, project management department manager and project manager of MCC TianGong Shanghai Shisanye Jiangxi Branch (中冶天工上海十三冶江西分公司) from March 2010 to May 2014. Mr. Wu worked as a chief engineer of Shanghai Yupei Industry (Group) Co., Ltd. (上海宇培實業 (集團) 有限公司) in charge of its technology and construction management from May 2014 to January 2020. Mr. Wu was certified as a national registered first-level constructor in construction engineering in 2010 and then a national registered first-level constructor in municipal engineering in 2013. In addition, Mr. Wu was awarded as a senior engineer in 2013.

Non-executive Directors

Ms. Li Qing（李慶）, aged 34, was appointed as an executive director of the Company on 25 April 2014 before her re-designation as a non-executive director of the Company on 30 March 2017. Ms. Li is also a member of the Remuneration Committee and the Nomination Committee. She has been a vice-president of the Group since 12 November 2013. She joined Shanghai Yupei as vice-president on 1 November 2012 and also serves as director at a number of the Group's subsidiaries. Ms. Li is primarily responsible for the overall management of the administrative, human resources and property management work of the Group. Ms. Li is the daughter of Mr. Li Shifa, chairman of the Board, president of the Group and Chief Executive Officer and an executive director of the Company. Ms. Li obtained a bachelor's degree in arts (majoring in Japanese) from Shanghai Normal University（上海師範大學）, the PRC, in July 2010, and a master's degree in science (majoring in international management for Japan) from the University of London, the United Kingdom, in December 2012.

Mr. Fu Bing（傅兵）, aged 44, was appointed as a non-executive director of the Company on 11 May 2018, and has extensive experience in logistics and supply chain management. Mr. Fu is currently vice-president of JD.com, Inc., a leading technology-driven e-commerce company and retail infrastructure service provider in China listed on the NASDAQ (stock code: JD) and the Main Board of the Stock Exchange (stock code: 9618) and head of logistics strategy and innovative business department of JD Logistics Group, the logistics arm of JD.com, Inc.. Prior to his current positions, Mr. Fu served as a director of operations at the Sinotrans Logistics Development Co., Ltd.（中外運物流發展有限公司）from March 2005 to May 2011; and a consulting director for supply chain management at Accenture PLC（埃森哲）, a management consulting company, from May 2011 to March 2014. In addition, Mr. Fu has also been serving as vice-chairman of the China Transportation Association Intelligent Logistics Special Committee（中國交通運輸協會智能物流專委會）and China E-Commerce Logistics Industrial Alliance（中國電商物流產業聯盟）since September 2017 and December 2017, respectively; and a committee member of the Supply Chain Special Committee of the China Chain Store & Franchise Association（中國連鎖經營協會供應鏈專委會）since July 2016. Furthermore, Mr. Fu founded the online logistics technology forum, namely the "Logclub", in 2005. Mr. Fu obtained a bachelor's degree in industrial automation from the College of Information Engineering at the University of Science and Technology Beijing（北京科技大學）in the PRC in July 2000.

Independent Non-executive Directors

Mr. Guo Jingbin（郭景彬）, aged 63, was appointed as an independent non-executive director of the Company on 14 June 2016. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the "**Audit Committee**") and the Nomination Committee. Mr. Guo is responsible for supervising and providing independent judgment to the Board. Mr. Guo has over 37 years of experience in the construction industry, specializing in corporate strategic planning, marketing and general and administration management. He has extensive experience in capital markets. Mr. Guo has been an independent non-executive director of China Tian Yuan Healthcare Group Limited（中國天元醫療集團有限公司）, a company listed on the Main Board of the Stock Exchange (stock code: 557) and engaged in investment holding and the provision of consultancy services, since August 2016; an executive director and chairman of China Conch Venture Holdings Limited（中國海螺創業控股有限公司）, a company listed on the Main Board of the Stock Exchange (stock code: 586) ("**Conch Venture**"), an investment holding company with subsidiaries principally engaged in providing energy preservation and environmental protection solutions, where he is responsible for its overall strategic development, since July 2014. He was a non-executive director of Conch Venture from June 2013 to June 2014. Mr. Guo held various senior managerial positions including the secretary to the board and deputy general manager of Anhui Conch Cement Co., Ltd.（安徽海螺水泥股份有限公司）, a company listed on the Shanghai Stock Exchange (stock code: 600585) and the Main Board of the Stock Exchange (stock code: 914) ("**Conch Cement**"), and he was an executive director of Conch Cement from October 1997 to June 2014 and a non-executive director from June 2014 to June 2016. Mr Guo has been a director of Anhui Conch Holdings Co., Ltd.（安徽海螺集團有限責任公司）, an investment company, since January 1997. Mr. Guo obtained a master's degree in business administration from the Chinese Academy of Social Sciences（中國社會科學院）, the PRC, in July 1998.

Mr. Fung Ching Simon（馮征）, aged 52, was appointed as an independent non-executive director of the Company on 14 June 2016. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Fung is responsible for supervising and providing independent advice to the Board. Mr. Fung has extensive experience in finance and accounting management and he has served as senior officers at a number of companies in the construction and property development industry. Since April 2021 he has served as the Chief Financial Officer of Chow Tai Fook Enterprises Limited. From January 2020 to March 2021, he served as the Chief Financial Officer of Logan Property Holdings Co., Ltd（龍光地產控股有限公司）, a company engaged in the development for sale of residential properties in the PRC and listed on the Main Board of the Stock Exchange (stock code: 3380). From October 1994 to June 2004, he served as operations manager, and senior manager of the assurance and business advisory division at PricewaterhouseCoopers, a public accountants firm, where he was involved in office administration and management and in charge of audit and business advisory matters, respectively. Mr. Fung was the chief financial officer and secretary to the board of directors of Baoye Group Company Limited（寶業集團股份有限公司）("**Baoye Group**"), a company principally engaged in the provision of construction services, the manufacturing and distribution of building materials and the development and sale of properties, and listed on the Main Board of the Stock Exchange (stock code: 2355), from August 2004 to July 2010, during which he was responsible for overseeing financial and accounting matters. He also served as the chief financial officer and the company secretary of Greentown China Holdings Limited（綠城中國控股有限公司）, a company engaged in the development for sale of residential properties in the PRC and listed on the Main Board of the Stock Exchange (stock code: 3900) from August 2010 to December 2019. In addition, Mr. Fung has been a non-executive director of Baoye Group since June 2011. He is also an independent non-executive director of Hainan Meilan International Airport Company Limited（海南美蘭國際空港股份有限公司）, formerly known as Regal International Airport Group Company Limited（瑞港國際機場集團股份有限公司）, a company engaged in the aeronautical and non-aeronautical business and listed on the Main Board of the Stock Exchange (stock code: 357), since October 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia. Mr. Fung graduated from the Queensland University of Technology, Australia, with a bachelor's degree in business, majoring in accountancy in February 1993.

Mr. Wang Tianye（王天也）, aged 62, was appointed as an independent non-executive director of the Company on 14 June 2016. Mr. Wang is also a member of each of the Remuneration Committee and the Nomination Committee. Mr. Wang is responsible for supervising and providing independent judgment to the Board. Mr. Wang has over 27 years of experience in finance and investment and has served various senior management positions at companies in the property development and real estate industry. From October 2015 to February 2018, Mr. Wang re-assumed his position as executive director at Top Spring International Holdings Limited（萊蒙國際集團有限公司）("**Top Spring**"), a company engaged in property development and listed on the Main Board of the Stock Exchange (stock code: 3688). He served as an executive director of Top Spring from September 2012 until November 2013, when he left the company to attend to family matters. Mr. Wang has been a senior consultant of Top Spring since March 2018. Besides, Mr. Wang has been an independent non-executive director of Top Education Group Ltd.,（澳洲成峰高教集團有限公司）, a company listed on the Main Board of the Stock Exchange (stock code: 1752) since April 2018. He has also been an independent director of Henan Pinggao Electric Co., Ltd.（河南平高電氣股份有限公司）, a company engaged in high voltage switchgear industry and listed on the Shanghai Stock Exchange (stock code: 600312), since September 2014. Prior to taking up his current positions, Mr. Wang was an executive director and the chief executive officer of Central China Real Estate Limited（建業地產股份有限公司）, a company engaged in property development and listed on the Stock Exchange (stock code: 832), from November 2004 to June 2012, during which he was responsible for formulating development strategies, executing decisions on investment projects and the overall business management of the company. Mr. Wang was recognized as a senior economist by the Bank of China Group in December 1992 and he was admitted as a senior associate of the Australian Institute of Banking and Finance in April 1996. He obtained a master's degree in applied finance from Macquarie University, Australia, in April 1996.

Mr. Leung Chi Ching Frederick（梁子正）, aged 63, was appointed as an independent non-executive director of the Company on 14 June 2016. Mr. Leung is also a member of each of the Audit Committee and Nomination Committee. Mr. Leung has been an independent non-executive director and the chairman of the audit committee of CGN New Energy Holdings Co., Ltd.（中國廣核新能源控股有限公司）, a company engaged in the operation of power stations and other associated facilities, and listed on the Main Board of the Stock Exchange (stock code: 1811) since September 2014. CGN New Energy Holdings Co., Ltd. was awarded Hong Kong Corporate Governance Excellence Awards 2019 under the category for Hang Seng Composite Index Constituent Companies by The Chamber of Hong Kong Listed Companies and Hong Kong Baptist University. Mr. Leung has over 38 years of professional and industrial experience in management, corporate governance, corporate finance, banking and accounting. He was previously an executive director, chief financial officer and company secretary of Skyworth Digital Holdings Limited（創維數碼控股有限公司）("**Skyworth**"), a manufacturer of television sets and listed on the Stock Exchange (stock code: 751). In his almost nine years of services in Skyworth, he was mainly responsible for the company's successful resumption of trading of its shares and strengthening of its internal controls, accounting system, corporate governance and investor relations management. In 2011 and 2013, Skyworth was awarded by Asia Money as the Best Managed Medium Cap Company in China of 2011 and by Forbes as Asia's Fabulous 50 of 2013, respectively. Furthermore, Mr. Leung accumulated 14 years' working experience in Deloitte Touche Tohmatsu. He left Deloitte Touche Tohmatsu in June 1999 as a principal of corporate finance. Mr. Leung obtained a Bachelor Degree of Science in Business Administration (major in Accounting) from the University of The East in the Philippines in November 1981. He became an associate member of the Hong Kong Institute of Certified Public Accountants in April 1997 and has been its fellow member since October 2013. Also, he has been a member of the American Institute of Certified Public Accountants since December 1996. He has been a member of the Hong Kong Securities and Investment Institute since April 1999 and has been its fellow member since April 2015. In addition, he has been a founding member of the Hong Kong Independent Non-Executive Director Association since November 2015.

Mr. Chen Yaomin（陳耀民）, aged 58, was appointed as an independent non-executive director of the Company on 30 March 2017. Mr. Chen is currently a partner at a number of private equity investment firms. He has over 30 years of experience in management and investment. Mr. Chen has been an executive partner of Shanghai Cuizhu Equity Investment Management Center LLP（上海萃竹股權投資管理中心（有限合夥））since December 2014 and an executive partner of Shanghai Kesheng Venture Capital Center LLP（上海科升創業投資中心（有限合夥））since December 2010. Mr. Chen has also been an executive partner and an executive director of Shanghai Kesheng Venture Capital Management Co., Ltd.（上海科升創業投資管理有限公司）since November 2010, and the general manager and a non-executive director of Shanghai Kesheng Investment Co., Ltd.（上海科升投資有限公司）since July 2007. Mr. Chen has been the chairman and a non-executive director of Shanghai Chengjia Electronic Technology Co., Ltd.（上海誠佳電子科技有限公司）, a company engaged in the manufacture and sale of electronic devices as well as the development of electronic technology, since January 2008.

SENIOR MANAGEMENT

Mr. Zheng Zhengfu（鄭正富）, aged 40, was appointed as vice-president and secretary general of the Secretariat of the Board of the Company on 26 March 2018 and 15 June 2017, respectively. Mr. Zheng joined Shanghai Yupei as the secretary to the Chairman in July 2013 and was appointed as the deputy director of the office of the president and secretary general of the secretarial office of the chairman in June 2014, and was subsequently appointed as vice-president in January 2018. Mr. Zheng is responsible for administration and human resources matters and the daily operations of the Secretariat of the Board. Prior to joining the Group, Mr. Zheng served as secretary to the president, deputy director and director of the office of the president and assistant to the chairman (being responsible for administration and human resources matters) at Biaoma Group Co., Ltd.（彪馬集團有限公司）from October 2005 to July 2013; and as the assistant to the chairman of Taizhou Huahui Copper Industry Co., Ltd.（台州市華輝銅業有限公司）from August 2004 to September 2005. Mr. Zheng obtained a graduate diploma in secretarial studies from the Zhejiang Gongshang University（浙江工商大學）, the PRC, in July 2005.

COMPANY SECRETARY

Ms. So Ka Man（蘇嘉敏）, aged 47, was appointed as the company secretary on 10 March 2016. She is a director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. So is a chartered secretary and a fellow of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Chartered Governance Institute in the United Kingdom. She is a holder of the Practitioner's Endorsement from HKICS. Ms. So obtained a bachelor's degree in arts (accountancy) from the Hong Kong Polytechnic University in November 1996. Apart from the Company, Ms. So has been providing professional secretarial services to a number of listed companies.

Directors' Report

The Board of Directors of the Company is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the leasing of storage facilities and the related management services in the PRC.

BUSINESS REVIEW

As of 31 December 2020, the Company had 176 logistics facilities in operation in 37 logistics parks, located in logistics hubs in 19 provinces or centrally administered municipalities.

Performance of the Group's Business

As demands from tenants in e-commerce and third-party logistics providers industries continued to increase, the Group expanded its network of logistics facilities to cope with such demand and thereby grew its revenue by 12.1% from RMB712.5 million in 2019 to RMB798.6 million in 2020. The Group's gross profit increased from RMB546.7 million in 2019 to RMB618.3 million in 2020. As of 31 December 2020, the Group recorded a net current assets of RMB301.6 million as compared with a net current liabilities of RMB1,105.0 million recorded as of 31 December 2019.

Relationship with Tenants

Having consistently delivered high-quality services to its tenants for more than a decade, the Group has forged strong relationships with a large number of top tier domestic and foreign tenants with a variety of industry backgrounds, including e-commerce companies such as JD, Cainiao Network and Benlai, leading third-party logistics providers such as SF Express, Li & Fung and Sinotrans and large-scale retailers, manufacturers and others such as Xiaomi and Bosch.

The Group generates a significant portion of its revenue from its five largest tenants. During the year ended 31 December 2020, revenue generated from the Group's single largest tenant accounted for approximately 29.9% of its total revenue while revenue attributable to its five largest tenants accounted for approximately 44.5% of its total revenue for the same period.

Relationship with Contractors

The Group's largest suppliers are the construction contractors for its logistics parks. As the Group selects contractors on a project basis, it does not rely on any single contractor despite the relatively high contribution of its largest or five largest contractors which accounted for approximately 28.8% and 84.5% to its construction cost incurred during the year ended 31 December 2020, respectively.

Relationship with Employees

Effective talent management is the foundation for the Group's successful long-term development. The Group greatly values its employees and will continue to attract, cultivate and retain talent through its internal training programs. The Group offers salaries and benefits to its employees that are competitive in each geographic location where the Group conducts business to manage employee attrition.

Environmental Policy

The Group is subject to PRC environmental protection laws, regulations and standards. These laws, regulations and standards govern a broad range of environmental matters, including but not limited to air pollution, noise emissions, sewage, use of resource and waste discharge. The Group is required to engage qualified agencies to conduct a comprehensive environmental assessment on each of its projects and to submit its environmental impact study report to the PRC government for approval. The PRC government will not grant the Group a construction permit with respect to any property project absent of an acceptable environmental assessment process and full cooperation with accredited environmental assessment organizations.

The Group does not carry out any production activities at its logistics parks, and therefore produces and discharges minimum waste. The Group has also attempted to design its logistics facilities to reduce their impact on the environment and energy costs, and it plans to increase the use of clean and renewable energy and reduce its carbon footprint by installing solar panel on top of its logistics facilities. Construction contractors are also encouraged to use equipment and facilities and to adopt or develop new technologies in order to reduce the impact of the Group's projects on the environment.

Further details of the Group's environmental, social and governance ("**ESG**") matters are set out in the ESG Report on pages 80 to 107 of this annual report.

Licenses, Regulatory Approvals and Compliance Record

The Group had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licenses, approvals and permits from relevant regulatory authorities for its operations in China, and there is no substantial legal impediment in renewing any existing licenses, approvals and permits where necessary.

Principal Risks and Uncertainties

Principal risks and uncertainties the Group faces include:

- risks related to the significant upfront capital investment involved in the Group's business;
- uncertainty as to the availability of financing;
- concentration risks related to single asset class and major tenants;
- uncertainty as to fair value changes on the Group's investment properties;
- uncertainty as to the Group's ability to secure suitable locations for new logistics park projects on commercially reasonable terms; and
- uncertainty related to the land use rights for the Group's logistics parks are not perpetual and will expire between 2047 and 2065.

Subsequent Event

No significant event affecting the Group has occurred since 31 December 2020.

Outlook for 2021

In 2021, the Group will continue its effort to achieve its goal of becoming the largest provider of premium logistics facilities in China. In particular, the Group plans to continue to implement the following strategies: (i) strengthen its nationwide network across major logistics hubs, (ii) accelerate its lease-up cycle and optimize its tenant portfolio, (iii) diversify its sources of capital and lower cost of capital, (iv) attract, motivate and cultivate management talent and personnel to support its operations and future expansions, and (v) reduce the environmental impact of its operations.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and the state of the Company's and the Group's financial affairs as of that date are set out in the consolidated financial statements on pages 114 to 256.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") in accordance with the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), which sets out principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company, and the factors that should be taken into account in determining any dividend for distribution to the shareholders of the Company. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company (the "**Articles**") and all applicable laws and regulations and the factors set out below. The Company does not have any pre-determined dividend payout ratio. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends: (i) financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) capital requirements and expenditure plans; (vi) interests of shareholders; (vii) any restrictions on payment of dividends; and (viii) any other factors that the Board may consider relevant. The Board will review the Dividend Policy as appropriate from time to time.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend to the shareholders of the Company for the year ended 31 December 2020.

RESERVES

Changes to the reserves of the Group during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity. Changes to the reserves of the Company during the year ended 31 December 2020 are set out in Note 39 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND THE PRE-IPO SHARE OPTION SCHEME

Details of the Company's share capital and pre-IPO share option scheme are set out in Notes 15 and 18 to the consolidated financial statements and the section headed "Pre-IPO Share Option Scheme" below, respectively.

SUBSIDIARIES

Particulars of the Company's subsidiaries as of 31 December 2020 are set out in Note 34 to the consolidated financial statements.

DONATIONS

Donations made by the Group during the year ended 31 December 2020 amounted to RMB240,000.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

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

There was no purchase, sale or redemption of any of the listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2020.

PRE-IPO SHARE OPTION SCHEME

On 10 March 2016, a pre-IPO share option scheme of the Company (the "**Pre-IPO Share Option Scheme**") was approved and adopted by the Board. The purpose of the Pre-IPO Share Option Scheme is a share incentive scheme and is established, amongst other things, to recognize and acknowledge the contributions that certain of the Group's employees have made to the listing of the Company's shares on the Stock Exchange (the "**Listing**") and the Company's development, and to motivate, retain and attract outstanding personnel who will help promote the Company's growth.

The Pre-IPO Share Option Scheme shall be valid and effective for a period from the date of adoption and expiring on the date of Listing (the "**Listing Date**"), after which period no further options will be granted but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Pre-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme.

Participants of the Pre-IPO Share Option Scheme ("**Eligible Participants**" and each an "**Eligible Participant**") include:

(i) senior executives of the Company, including the chief investment officer, chief operating officer, senior vice-president and vice-president; and

(ii) intermediate-level executives or key employees of the Company, including department directors, regional directors and managers.

The maximum number of shares of the Company which may be issued upon the exercise of all options to be granted under the Pre-IPO Share Option Scheme must not exceed 1% of the Company's total issued share capital as at the Listing Date, being 28,802,990 shares of the Company, which represent approximately 0.89% of the total issued shares of the Company as of the date of this annual report. As at 31 December 2020, options to subscribe for an aggregate of 15,824,000 shares (representing approximately 0.49% of the total issued share capital of the Company as of the date of this annual report) have been granted by the Company under the Pre-IPO Share Option Scheme. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

Although there is no maximum entitlement for each Eligible Participant under the rules of the Pre-IPO Share Option Scheme, no Eligible Participant has been granted options exceeding 0.07% of the total issued share capital of the Company as of the Listing Date. The holders of the options granted under the Pre-IPO Share Option Scheme are not required to pay for the grant of any option under the Pre-IPO Share Option Scheme. Subject to any adjustment made in the manner contemplated under the Pre-IPO Share Option Scheme, the exercise price payable upon the exercise of any option granted to each of the grantees (the "**Pre-IPO Options**") shall be an amount representing 50% of the final offer price per share of the Company issued under the initial public offering of the Company, being HK$1.625 per share of the Company.

Subject to the satisfactory performance of certain obligations of the grantees, the Pre-IPO Options shall be vested in accordance with vesting schedule as follows:

1. as to 30% of the aggregate number of shares of the Company underlying the Pre-IPO Options on the first anniversary date of the Listing Date;

2. as to 30% of the aggregate number of shares of the Company underlying the Pre-IPO Options on the second anniversary date of the Listing Date; and

3. as to the remaining 40% of the aggregate number of shares of the Company underlying the Pre-IPO Options on the third anniversary date of the Listing Date.

Each option granted under the Pre-IPO Share Option Scheme is valid for five years from the date of grant provided that none of the Pre-IPO Options shall be exercisable prior to the Listing Date. As at 31 December 2020, 1,872,200 Pre-IPO Options have been vested and exercisable. The weighted average closing price of the Company's shares immediately before the dates on which the Pre-IPO Share Options were exercised is HK$3.71.

Details of the outstanding options granted under the Pre-IPO Share Option Scheme during the year ended 31 December 2020 are set out below:

Name or category of grantee	Date of grant of share options	Exercise price of share options (HK$ per share)	Exercise period of share options	Number of shares of the Company represented by the outstanding share options as at 1 January 2020	Exercised during the year	Cancelled during the year	Lapsed during the year	**Number of shares of the Company represented by the outstanding share options as at 31 December 2020**
Directors								
Wu Guolin	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	561,600	(561,600)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	561,600	(561,600)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	748,800	(748,800)	–	–	**–**
				1,872,000	(1,872,000)	–	–	**–**
Li Huifang	28 March 2016	$1.625	From 15 July 2017 to 28 March 2021	11,200	(11,200)	–	–	**–**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	211,200	(211,200)	–	–	**–**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 2021	281,600	(281,600)	–	–	**–**
				504,000	(504,000)	–	–	**–**
Shi Lianghua	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	494,400	(494,400)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	494,400	(494,400)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	659,200	(659,200)	–	–	**–**
				1,648,000	(1,648,000)	–	–	**–**
Xie Xiangdong	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	163,200	(163,200)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	163,200	(163,200)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	217,600	(217,600)	–	–	**–**
				544,000	(544,000)	–	–	**–**

Name or category of grantee	Date of grant of share options	Exercise price of share options (HK$ per share)	Exercise period of share options	Number of shares of the Company represented by the outstanding share options as at 1 January 2020	Exercised during the year	Cancelled during the year	Lapsed during the year	**Number of shares of the Company represented by the outstanding share options as at 31 December 2020**
Li Qing	28 March 2016	$1.625	From 15 July 2017 to 28 March 2021	561,600	–	–	–	**561,600**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	561,600	–	–	–	**561,600**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 2021	748,800	–	–	–	**748,800**
				1,872,000	–	–	–	**1,872,000**
				6,440,000	(4,568,000)	–	–	**1,872,000**
Members of senior management & other employees of the Group								
In aggregate	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	163,200	(163,200)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	163,200	(163,200)	–	–	**–**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	556,800	(556,600)	–	–	**200**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	52,600	(52,600)	–	–	**–**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 2021	166,400	(166,400)	–	–	**–**
				1,102,200	(1,102,000)	–	–	**200**
Total				7,542,200	(5,670,000)	–	–	**1,872,200**

Further details of the principal terms of the Pre-IPO Share Option Scheme are set out in the prospectus of the Company dated 30 June 2016 (the "**Prospectus**").

2020 SHARE AWARD SCHEME

The 2020 Share Award Scheme was approved and adopted by the Board on 30 March 2020. The purposes of the 2020 Share Award Scheme are to (i) encourage or facilitate the holding of shares by the selected participants; (ii) encourage and retain such individuals to work with the Group; and (iii) provide additional incentive for them to achieve performance goals.

Pursuant to the 2020 Share Award Scheme, the Board or any committee delegated with the power and authority by the Board to administer the 2020 Share Award Scheme (the "**Administration Body**") may, from time to time at its absolute discretion, select any individual who is a director (including executive and non-executive director), employee (including full-time and part-time), officer, agent or consultant of the Company or any of its subsidiaries and, if the Administration Body so determines in its absolute discretion, any director (including executive and non-executive director) of the Company or any of its subsidiaries, and grant share awards (the "**Share Award(s)**") to such selected participant which are to be satisfied by (i) the new shares to be subscribed by the Trustee (as defined below) under the Company's available general mandate on the relevant grant date or under a specific mandate approved or to be approved by the shareholders of the Company; or (ii) the existing shares purchased by the Trustee.

The 2020 Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date. No shares shall be subscribed for and/or purchased pursuant to the 2020 Share Award Scheme, nor any amounts paid to the Trustee for the purpose of making such a subscription and/or purchase, if as a result of such subscription and/or purchase, the number of shares administered under the 2020 Share Award Scheme shall exceed in total 10% of the Company's share capital in issue from time to time. The shares in relation to Share Awards granted to the directors of the Company and its subsidiaries or any other connected person of the Company to be held by the Trustee from time to time shall be less than 30% of all the shares held by the Trustee under the 2020 Share Award Scheme.

The Company may from time to time cause to be paid to the Trustee such amounts of funds from the Company's resources as the Administration Body may in its absolute discretion determine, for the subscription of new shares or the purchase of existing shares and the payment of the transaction costs. The Administration Body may from time to time while the 2020 Share Award Scheme is in force determine any vesting criteria or conditions for the Share Awards to be vested or credited. The Trustee shall hold the grant shares awarded until they are vested to the relevant selected participants in accordance with the terms of the Share Awards.

The Company has appointed The Core Trust Company Limited (the "**Trustee**") as the trustee for the administration of the 2020 Share Award Scheme pursuant to the 2020 Share Award Scheme rules. To the Company's knowledge, the Trustee is not an associate of any connected persons of the Company.

During the year ended 31 December 2020, no Share Award has been granted or agreed to be granted under the 2020 Share Award Scheme, nor has any Share Award been cancelled or lapsed.

Further details of the 2020 Share Award Scheme are set forth in the announcements of the Company dated 30 March 2020 and 15 April 2020 and Note 15 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year ended 31 December 2020 and as at the date of this annual report and their respective positions were:

Name	Position
Mr. Li Shifa	Chairman of the Board, Executive Director and Chief Executive Officer
Mr. Wu Guolin	Executive Director
Ms. Li Huifang	Executive Director
Mr. Cheuk Shun Wah	Executive Director
Ms. Shi Lianghua	Executive Director
Mr. Xie Xiangdong	Executive Director
Mr. Wu Guozhou *(appointed on 16 November 2020)*	Executive Director
Mr. Chen Runfu *(resigned on 16 November 2020)*	Executive Director
Ms. Li Qing	Non-executive Director
Mr. Fu Bing	Non-executive Director
Mr. Huang Xufeng *(resigned on 5 February 2021)*	Non-executive Director
Mr. Guo Jingbin	Independent Non-executive Director
Mr. Fung Ching Simon	Independent Non-executive Director
Mr. Wang Tianye	Independent Non-executive Director
Mr. Leung Chi Ching Frederick	Independent Non-executive Director
Mr. Chen Yaomin	Independent Non-executive Director

The Company's circular, sent together with this annual report, contains detailed information of the Directors retiring and to be re-elected at the Company's forthcoming annual general meeting as required by the Listing Rules.

The biographical details of the current Directors and senior management of the Company as at the date of this annual report are set out in "Biographies of the Directors, Senior Management and Secretary" in this annual report. Save as disclosed therein, there are no changes in the information which are required to be disclosed by the current Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Mr. Li Shifa entered into a service contract with the Company on 14 June 2016 commencing from even date, while each of Mr. Wu Guolin and Ms. Li Huifang entered into a service contract with the Company on 29 March 2017 commencing from 30 March 2017. Each of Mr. Cheuk Shun Wah and Ms. Shi Lianghua signed a service contract with the Company on 17 August 2017 commencing from even date. Mr. Xie Xiangdong entered into a service contract with the Company on 26 April 2019 commencing from even date. Each of Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye and Mr. Leung Chi Ching Frederick signed a letter of appointment with the Company on 14 June 2016 commencing from even date, while each of Ms. Li Qing and Mr. Chen Yaomin signed a letter of appointment with the Company on 29 March 2017 commencing from 30 March 2017. Mr. Fu Bing signed a letter of appointment with the Company on 11 May 2018 commencing from even date. Mr. Wu Guozhou signed a service contract with the Company on 16 November 2020 commencing from even date.

The service contracts with the executive Directors and the letters of appointment with the non-executive Directors and independent non-executive Directors are each for an initial fixed term of three years and renewable automatically for a successive term of three years, and may be terminated in accordance with the respective terms thereof.

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye, Mr. Leung Chi Ching Frederick and Mr. Chen Yaomin), and the Company considers such Directors to be independent for the year ended 31 December 2020.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the property lease agreements as more particularly disclosed in the section headed "Continuing Connected Transactions" in this annual report whereby the executive Director, Mr. Li Shifa, has a material interest in the transactions contemplated under such agreements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director and/or any of his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") were as follows:

(a) Interests in the ordinary shares/underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares/ underlying shares interested(1)	Approximate percentage of shareholding(2)
Li Shifa	Interest of controlled corporation(3)	916,488,000	28.16%
Li Qing(4)	Beneficial Owner	1,872,000	0.06%

Notes:

(1) All interests stated are long positions.

(2) As at 31 December 2020, the Company had 3,254,283,058 issued shares.

(3) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 90% interest in Yupei International Investment Management Co., Ltd. Accordingly, Mr. Li Shifa is deemed to be interested in the 916,488,000 shares of the Company held by Yupei International Investment Management Co., Ltd.

(4) Ms. Li Qing was interested in 1,872,000 options granted to her under the Pre-IPO Share Option Scheme, representing 1,872,000 underlying shares of the Company.

(b) Interests in associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares interested[1]	Approximate percentage of shareholding
Li Shifa	Lee International Investment Management Co., Ltd[2]	Beneficial Owner	50,000	100%
	Yupei International Investment Management Co., Ltd[2]	Interest of controlled corporation and Interest of spouse	50,000	100%

Notes:

(1) All interests stated are long positions.

(2) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 45,000 shares in Yupei International Investment Management Co., Ltd. The remaining 5,000 shares in Yupei International Investment Management Co., Ltd are held by Ms. Ma Xiaocui, the wife of Mr. Li Shifa. Accordingly, Mr. Li Shifa is deemed to be interested in the 50,000 shares in Yupei International Investment Management Co., Ltd.

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2020, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as the Directors are aware:

Name of shareholder	Capacity/Nature of interest	Number of shares/ underlying shares interested	Approximate percentage of shareholding[3]
Lee International Investment Management Co., Ltd	Interest of controlled corporation[4]	916,488,000[1]	28.16%
Yupei International Investment Management Co., Ltd[4]	Beneficial owner	916,488,000[1]	28.16%
Ma Xiaocui	Interest of spouse[5]	916,488,000[1]	28.16%
RRJ Capital Master Fund II, L.P.	Interest of controlled corporation[6]	944,573,498[1]	29.03%
		208,749,000[2]	6.41%
ESR Cayman Limited[7]	Beneficial owner; Interest of controlled corporation[7]	612,235,000[1]	18.81%
ESR HK Management Limited[7]	Beneficial owner	559,228,000[1]	17.18%
劉強東	Beneficiary of a trust (other than a discretionary interest)[8]	321,068,999[1]	9.87%
Max Smart Limited	Interest of controlled corporation[8]	321,068,999[1]	9.87%
JD.com, Inc.	Interest of controlled corporation[8]	321,068,999[1]	9.87%
Jingdong Logistics Group Corporation[8]	Beneficial owner	321,068,999[1]	9.87%

Notes:

(1) Interests held in long positions.

(2) Interests held in short positions.

(3) As at 31 December 2020, the Company had 3,254,283,058 issued shares.

(4) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 90% interest in Yupei International Investment Management Co., Ltd. Such interests are also disclosed as the interests of Mr. Li Shifa in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

(5) Ms. Ma Xiaocui is the wife of Mr. Li Shifa and is deemed to be interested in the shares of the Company which are interested by Mr. Li Shifa under the SFO.

(6) RRJ Capital Master Fund II, L.P. holds the entire issued share capital of Berkeley Asset Holding Ltd, which holds 747,524,000 shares of the Company and 184,639,498 shares underlying the Company's convertible bonds listed on the Stock Exchange in long position and 208,749,000 shares underlying the Company's unlisted physically settled derivatives in short position. RRJ Capital Master Fund II, L.P. also holds the entire issued share capital of Travis Asset Holding Ltd, which in turn holds the entire issued share capital of Sherlock Asset Holding Ltd, which holds 12,410,000 shares of the Company in long position. Accordingly, RRJ Capital Master Fund II, L.P. is deemed to be interested in the 747,524,000 shares and 184,639,498 underlying shares in long position and 208,749,000 underlying shares in short position held by Berkeley Asset Holding Ltd, and each of RRJ Capital Master Fund II, L.P. and Travis Asset Holding Ltd is deemed to be interested in the 12,410,000 shares in long position held by Sherlock Asset Holding Ltd.

(7) ESR Cayman Limited holds the entire issued share capital of ESR HK Management Limited, which holds 559,228,000 shares of the Company. ESR Cayman Limited holds 53,007,000 shares of the Company. As a result, ESR Cayman Limited is a beneficial owner as to 53,007,000 shares of the Company and is deemed to be interested in 559,228,000 shares of the Company held by ESR HK Management Limited.

(8) 劉強東 (Mr. Richard Qiangdong Liu) controls 100% issued share capital of Max Smart Limited, which in turn controls 72.63% issued share capital of JD.com, Inc.. JD.com, Inc. holds the entire issued share capital of Jingdong Logistics Group Corporation. Accordingly, each of 劉強東, Max Smart Limited and JD.com, Inc. is deemed to be interested in the 321,068,999 shares of the Company held by Jingdong Logistics Group Corporation.

Save as disclosed above, as at 31 December 2020, the Directors or chief executive of the Company are not aware of any other person, not being a Director or chief executive of the Company, who has an interest or short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACT

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

MAJOR TENANTS AND CONTRACTORS

During the year ended 31 December 2020, revenue attributable to the Group's largest tenant, JD.com, Inc., who is also a shareholder of the Company, accounted for approximately 29.9%, while the revenue attributable to the Group's five largest tenants accounted for approximately 44.5% of the Group's total revenue in the same period. Yupei Supply Chain Management Group Co., Ltd. (宇培供應鏈管理集團有限公司) ("**Shanghai Yupei Supply Chain**"), one of the five largest tenants of the Company, is a subsidiary of Shanghai Yupei Investment Holdings Co., Ltd. (上海宇培投資控股有限公司) (formerly known as Shanghai Yushuo Investment Holdings Co., Ltd. (上海宇碩投資控股有限公司)) ("**SYPI**"), the interests of which are 90% owned by Mr. Li Shifa. Save as disclosed above, none of the Directors, any of their close associates or any shareholders that, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company had any interest in any of the Group's five largest tenants during the year ended 31 December 2020.

During the year ended 31 December 2020, transaction amounts with the Group's largest contractor accounted for approximately 28.8%, five largest contractors accounted for approximately 84.5%, of the Group's total construction cost incurred in the same period. All of the Group's five largest contractors are independent third parties. None of the Directors, any of their close associates or any shareholders that, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company had any interest in any of the Group's five largest contractors during the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's audit, risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles although there are no restrictions against such rights under the laws in the Cayman Islands.

EMOLUMENT POLICY

The Directors believe that effective talent management is the foundation for the Group's successful long-term development. The Group greatly values its employees and will continue to attract, cultivate and retain talent through its internal training programs. The remuneration package of the Group's employees includes salaries, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, bonuses and promotion. The Directors believe the salaries and benefits that the Group's employees receive are competitive with market standards in each geographic location where the Group conducts business. In addition, the Company has adopted the Pre-IPO Share Option Scheme and the 2020 Share Award Scheme which provide incentive to better motivate its employees.

EMPLOYEE BENEFITS

Particulars of the employee benefits of the Group are set out in Note 2 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, who shall retire as auditor of the Company upon expiration of its current term of office with effect from the conclusion of the forthcoming annual general meeting of the Company. A resolution for the re-appointment or appointment of auditor of the Company will be proposed at the forthcoming annual general meeting.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands comprise the share premium, share option reserves and retained earnings totaling approximately RMB3,159 million.

BANK BORROWINGS AND OTHER LOANS

Particulars of bank borrowings and other loans of the Group as at 31 December 2020 are set out in Note 19 to the consolidated financial statements.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections "Pre-IPO Share Option Scheme" and "2020 Share Award Scheme" above, at no time during the year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Li Shifa is an executive Director and the ultimate controlling shareholder of Shanghai Yupei Industry (Group) Company Limited (上海宇培實業 (集團) 有限公司) ("**Shanghai Yupei Industry**"). Shanghai Yupei Industry operates the Yupei Shanghai Northwest Logistics Park (宇培上海西北物流園) (the "**Taopu Project**") and the Yupei Shanghai Jiading Logistics Park (宇培上海嘉定物流園) (the "**Huangdu Project**") (the "**Two Retained Warehouse Projects**"). The Taopu Project is located in Taopu Town, Putuo District, Shanghai. It is currently equipped with warehouses and logistics facilities with an aggregate GFA of approximately 47,437 sq.m. The Huangdu Project is located in Huangdu Town, Jiading District, Shanghai. It is currently equipped with warehouses and logistics facilities with an aggregate GFA of approximately 59,393 sq.m. However, the extent of such competition is limited and immaterial to the Group because, among others, the Two Retained Warehouse Projects (i) are situated in different geographical locations from the Group's logistics facilities in Shanghai and are limited to two relatively small areas; and (ii) target different potential tenants given the existing facilities at the Two Retained Warehouse Projects are more suited to cater for traditional logistics services providers and companies such as manufacturers. Further details regarding the Two Retained Warehouse Projects are set out in the Prospectus.

Save as disclosed above, as of the date of this annual report, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Mr. Li Shifa, Lee International Investment Management Co., Ltd, Ms. Ma Xiaocui, Lee Asset Management Co., Ltd, Yupei International Investment Management Co., Ltd (collectively, the "**Covenantors**") has entered into a deed of non-competition in favor of the Group on 14 June 2016 (the "**Deed of Non-Competition**"), pursuant to which the Covenantors have jointly and severally and irrevocably undertaken to our Group that, save for the Two Retained Warehouse Projects, he/she/it shall not, and shall procure his/her/its respective close associates (except for any members of the Group) not to, during the restricted period, directly or indirectly (including through nominees), either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, invest in, participate in, engage in and/or operate or be interested in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business, which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group.

The independent non-executive Directors (being Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye, Mr. Leung Chi Ching Frederick and Mr. Chen Yaomin) have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2020. Each of the Covenantors has provided to the Company a written confirmation in respect of his/her/its compliance with the Deed of Non-Competition.

PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors and other officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the Articles. Such provisions were in force during the year ended 31 December 2020 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

SECURED NOTES

On 5 November 2020, the Company launched an exchange offer to holders of the Company's 8.75% Senior Notes due 2021 (the "**2021 Notes**"). The consideration of exchange was U.S. dollar denominated 8.75% Senior Notes due 2022 (the "**2022 Notes**"). On 18 November 2020, all conditions precedent to the exchange offer were fulfilled, and the exchange offer was completed. The Company issued an aggregate principal amount of US$150,000,000 of the 2022 Notes, including the accrued and unpaid interest on the 2021 Notes validly accepted for the exchange, pursuant to the exchange offer. For further details, please refer to the announcements of the Company dated 5 November 2020, 16 November 2020 and 18 November 2020.

Details of secured notes of the Group outstanding during the year are set out in Note 19 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

Mr. Li Shifa, an executive Director and a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules. SYPI is owned by Mr. Li Shifa as to 90% and is therefore an associate of Mr. Li Shifa and hence a connected person of the Company under the Listing Rules. Shanghai Yupei Industry, Shanghai Yupei Specialty Building Materials Co., Ltd.（上海宇培特種建材有限公司）("**Shanghai Yupei Specialty Building Materials**"), Shanghai Yupei E-commerce Company Limited （上海宇培電子商務有限公司） ("**Shanghai Yupei E-commerce**"), Shanghai Yupei Construction Engineering Company Limited（上海宇培建設工程有限公司）("**Shanghai Yupei Construction**"), Shanghai Yupei Express Logistics Company Limited（上海宇培速通物流有限公司）("**Shanghai Yupei Express Logistics**") and Shanghai Yupei Supply Chain all being subsidiaries of SYPI (together, the "**SYPI Group**"), are therefore each an associate of Mr. Li Shifa and a connected person of the Company. The 2018 Property Lease Transactions, the 2019 Property Lease Transactions and the 2020 Property Lease Transactions as detailed below have been entered among relevant members of the SYPI Group as lessee, on the one hand, and relevant members of the Group, as lessor, on the other, which constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The 2018 Property Lease Transactions

Reference is made to the announcement and circular of the Company dated 25 April 2018 and 23 May 2018, respectively, where the Company announced that on 25 April 2018, the Company entered into a lease framework agreement (the "**2018 Lease Framework Agreement**") for a term of three years commencing from 25 April 2018 to 24 April 2021 with SYPI, pursuant to which the Company and SYPI agreed that relevant members of the Group and relevant members of the SYPI Group shall further enter into the separate lease agreements (the "**2018 Lease Agreements**") in respect of the leasing of each of the relevant premises, which exclusively includes the Four Premises and the 2018 Premises as defined in the announcement dated 25 April 2018, based on the pricing policy as set out in the 2018 Lease Framework Agreement.

Reference is further made to the Prospectus in relation to, inter alia, the property leasing transactions between the Group and the SYPI Group as disclosed in the Prospectus, under which the leases in respect of the Four Premises expired on 31 December 2018. The relevant members of the Group and relevant members of the SYPI Group intended to renew the property leases in respect of the leasing of each of the Four Premises. In light of the increased business need for warehouse storage space, logistics use and offices of relevant members of the SYPI Group, relevant members of the Group, on the one hand, and (1) Shanghai Yupei Supply Chain and (2) Shanghai Yupei Industry, respectively, on the other, wished to enter into lease agreements in respect of the leasing of each of the 2018 Premises.

The 2018 Lease Framework Agreement sets out a framework of the terms on which the Company has agreed to procure members of the Group to lease each of the Four Premises and the 2018 Premises (including warehouse areas, office premises and canopy areas) to members of the SYPI Group in relation to its business and operations. The relevant members of the Group have further entered into separate agreements with the relevant members of the SYPI Group in order to set out the specific terms and conditions of the leasing of each of the Four Premises and the 2018 Premises.

The 2018 Property Lease Transactions are subject to the annual caps in respect of the years ended 31 December 2018, 2019 and 2020, being the aggregate rentals and service fees payable to the Group by relevant members of the SYPI Group under the respective 2018 Lease Agreements for the Four Premises and the 2018 Premises in each year, respectively.

Leases for six of the premises under the 2018 Property Lease Transactions were terminated in connection with the 2020 Property Lease Transactions as detailed below.

The annual caps for the lease transactions contemplated under the 2018 Lease Framework Agreement and as approved by the independent shareholders at the extraordinary general meeting of the Company held on 8 June 2018 during the years ended 31 December 2018, 31 December 2019 and 31 December 2020 are RMB13,172,000, RMB62,324,000 and RMB66,418,000, respectively. During the year ended 31 December 2020, the actual transaction amount was RMB25,303,000 and the annual cap has not been exceeded.

The 2019 Property Lease Transactions

Reference is made to the announcement of the Company dated 17 May 2019, where the Company announced that on 17 May 2019, the Company entered into a lease framework agreement (the "**2019 Lease Framework Agreement**") for a term of three years commencing from 1 January 2020 to 31 December 2022 with SYPI, pursuant to which the Company and SYPI agreed that relevant members of the Group and relevant members of the SYPI Group shall further enter into separate lease agreements (the "**2019 Lease Agreements**") in respect of the leasing of each of the relevant premises (the "**2019 Premises**") based on the pricing policy set out in the 2019 Lease Framework Agreement. The 2019 Lease Framework Agreement sets out a framework of the terms on which the Company has agreed to procure members of the Group to lease the relevant premises (including warehouse areas, office premises and canopy areas) to members of the SYPI Group in relation to its business and operations. The relevant members of the Group have further entered into separate 2019 Lease Agreements with relevant members of the SYPI Group in order to set out the specific terms and conditions of the leasing of the 2019 Premises.

The 2019 Property Lease Transactions are subject to the annual caps in respect of the year ended 31 December 2020 and the years ending 31 December 2021 and 2022, being the aggregate rentals and service fees payable to the Group by relevant members of the SYPI Group under the respective 2019 Lease Agreements for the Premises in each year, respectively.

Leases for two of the 2019 Premises were terminated in connection with the 2020 Property Lease Transactions detailed below.

The annual caps for the lease transactions contemplated under the 2019 Lease Framework Agreement during the year ended 31 December 2020 and the years ending 31 December 2021 and 2022 are RMB17,688,000, RMB14,809,000 and RMB15,254,000, respectively. During the year ended 31 December 2020, the actual transaction amount was RMB12,631,000 and the annual cap was not exceeded.

The 2020 Property Lease Transactions

Reference is made to the announcement and circular of the Company dated 29 April 2020 and 28 May 2020, respectively, where the Company announced that on 29 April 2020, relevant members of the Group and relevant members of the SYPI Group terminated the leases in respect of eight premises, and the Company entered into a lease framework agreement (the "**2020 Lease Framework Agreement**") for a term of three years commencing from 1 July 2020 to 30 June 2023 with SYPI, pursuant to which the Company and SYPI agreed that relevant members of the Group and relevant members of the SYPI Group shall further enter into separate lease agreements (the "**2020 Lease Agreements**") in respect of the leasing of each of the relevant premises (the "**2020 Premises**") based on the pricing policy set out in the 2020 Lease Framework Agreement. The 2020 Lease Framework Agreement sets out a framework of the terms on which the Company has agreed to procure members of the Group to lease the relevant premises (including warehouse areas, office premises and canopy areas) to members of the SYPI Group in relation to its business and operations. The relevant members of the Group have further entered into separate 2020 Lease Agreements with relevant members of the SYPI Group in order to set out the specific terms and conditions of the leasing of the 2020 Premises.

The 2020 Property Lease Transactions are subject to the annual caps in respect of the year ended 31 December 2020 and the years ending 31 December 2021, 2022 and 2023, being the aggregate rentals and service fees payable to the Group by relevant members of the SYPI Group under the respective 2020 Lease Agreements for the Premises in each year, respectively.

The annual caps for the lease transactions contemplated under the 2020 Lease Framework Agreement and as approved by the independent shareholders at the extraordinary general meeting of the Company held on 29 June 2020 during the year ended 31 December 2020 and the years ending 31 December 2021, 2022 and 2023 are RMB26,230,000, RMB63,324,000, RMB65,219,000 and RMB31,549,000, respectively. During the year ended 31 December 2020, the actual transaction amount was RMB24,806,000 and the annual cap was not exceeded.

In the opinion of the independent non-executive Directors (being Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye, Mr. Leung Chi Ching Frederick and Mr. Chen Yaomin), all of the aforementioned continuing connected transactions above were entered into by the Group:

(i) in the ordinary and usual course of its business;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Further, the Board has engaged PricewaterhouseCoopers, the auditor of the Company, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2020 as disclosed above has been provided by the Company to the Stock Exchange.

The transactions contemplated under the aforementioned property lease agreements also constitute related party transactions of the Company under IFRS, details of which are set out in Note 37 to the consolidated financial statements. In respect of these transactions, the Directors have confirmed that the Company was in compliance with the applicable requirements under Chapter 14A of the Listing Rules.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this report.

By order of the Board
Li Shifa
Chairman

Hong Kong, 30 March 2021

Corporate Governance Report

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2020.

The Board considers that during the year ended 31 December 2020, the Company has complied with the code provisions set out in the CG Code, except for code provision A.2.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarized below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

The Company has also adopted the Model Code as the standard of dealings in the Company's securities by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Model Code by the employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

The following chart illustrated the structure and membership of the Board and the Board committees as at 31 December 2020:

Board of Directors

Executive Directors
Mr. Li Shifa, *Chairman of the Board, President and Chief Executive Officer*
Mr. Wu Guolin
Ms. Li Huifang
Mr. Cheuk Shun Wah
Ms. Shi Lianghua
Mr. Xie Xiangdong
Mr. Wu Guozhou

Non-executive Directors
Ms. Li Qing
Mr. Fu Bing
Mr. Huang Xufeng *(resigned with effect from 5 February 2021)*

Independent Non-executive Directors
Mr. Guo Jingbin
Mr. Fung Ching Simon
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick
Mr. Chen Yaomin

Audit Committee
Mr. Fung Ching Simon, *Chairman*
Mr. Guo Jingbin
Mr. Leung Chi Ching Frederick

Remuneration Committee
Mr. Guo Jingbin, *Chairman*
Mr. Li Shifa
Ms. Li Qing
Mr. Fung Ching Simon
Mr. Wang Tianye

Nomination Committee
Mr. Li Shifa, *Chairman*
Ms. Li Qing
Mr. Guo Jingbin
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick

During the year ended 31 December 2020, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board) with at least one independent non-executive Director possessing appropriate professional qualifications and accounting and related financial management expertise.

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

The biographical information of the Directors and the relationships between the members of the Board are set out in the section headed "Biographies of the Directors, Senior Management and Secretary" in this annual report. Details of the service contracts and letters of appointment entered into between the Company and the Directors, as well as the term of appointment of the Directors, are set out in the section headed "Directors' Service Contracts and Letters of Appointment" in this annual report.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Li Shifa ("**Mr. Li**") is the chairman of the Board, the Chief Executive Officer and the president of the Group. With extensive experience in the logistics facilities industry, Mr. Li is responsible for formulating and leading the implementation of the overall development strategies and business plans of the Group and overseeing the management and strategic development of the Group and is instrumental to the growth and business expansion of the Group since its establishment in 2000. The Board considers that vesting the roles of chairman, chief executive officer and president in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently comprises seven executive Directors (including Mr. Li), two non-executive Directors and five independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Appointment and Re-election of Directors

The Articles contain provisions on the procedures and process of appointment and removal of directors.

According to the Articles, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director shall be subject to retirement by rotation at an annual general meeting at least once every three years. In addition, any new director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting after appointment, and any new Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Each Director, including the non-executive Directors, is engaged for a term of three years. They are also subject to re-election in accordance with the provisions of the Articles as mentioned above.

The Company's circular, sent together with this annual report, contains detailed information of the Directors retiring and to be re-elected at the Company's forthcoming annual general meeting as required by the Listing Rules.

Responsibilities and Delegation

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

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

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

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

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

Continuous Professional Development of Directors

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

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2020, the Company has provided reading materials on regulatory update to all its Directors, namely, Mr. Li Shifa, Mr. Wu Guolin, Ms. Li Huifang, Mr. Chen Runfu, Mr. Cheuk Shun Wah, Ms. Shi Lianghua, Mr. Xie Xiangdong, Mr. Wu Guozhou, Mr. Huang Xufeng, Ms. Li Qing, Mr. Fu Bing, Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye, Mr. Leung Chi Ching Frederick and Mr. Chen Yaomin, for their reference and studying. Besides, Mr. Fung Ching Simon and Mr. Leung Chi Ching Frederick attended other seminars and training sessions arranged by the Company/other professional firms/institutions.

Corporate Governance Functions

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

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

Attendance Records of Directors and Committee Members

The attendance records of each Director at the regular Board meetings, Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2020 are set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Mr. Li Shifa	7/7	—	2/2	2/2	1/1	2/2
Mr. Wu Guolin	7/7	—	—	—	1/1	2/2
Ms. Li Huifang	7/7	—	—	—	1/1	2/2
Mr. Chen Runfu (Note 1)	6/6	—	—	—	1/1	2/2
Mr. Cheuk Shun Wah	7/7	—	—	—	1/1	2/2
Ms. Shi Lianghua	7/7	—	—	—	1/1	2/2
Mr. Xie Xiangdong	7/7	—	—	—	1/1	2/2
Mr. Wu Guozhou (Note 2)	1/1	—	—	—	0/0	0/0
Mr. Huang Xufeng (Note 3)	6/7	—	—	—	1/1	2/2
Ms. Li Qing	7/7	—	2/2	2/2	1/1	2/2
Mr. Fu Bing	7/7	—	—	—	1/1	2/2
Mr. Guo Jingbin	7/7	3/3	2/2	2/2	1/1	2/2
Mr. Fung Ching Simon	7/7	3/3	2/2	—	1/1	2/2
Mr. Wang Tianye	7/7	—	2/2	2/2	1/1	2/2
Mr. Leung Chi Ching Frederick	7/7	3/3	—	2/2	1/1	2/2
Mr. Chen Yaomin	7/7	—	—	—	1/1	2/2

Notes:

1. Mr. Chen Runfu resigned as an executive Director on 16 November 2020. During the period from 1 January 2020 to his resignation date, 6 Board meetings, 1 annual general meeting and 2 extraordinary general meetings were held.

2. Mr. Wu Guozhou was appointed as an executive Director on 16 November 2020. Subsequent to his appointment as an executive Director, 1 Board meeting was held during the year ended 31 December 2020.

3. Mr. Huang Xufeng resigned as a non-executive Director on 5 February 2021.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website "www.cnlpholdings.com" and on the Stock Exchange's website "www.hkexnews.hk". All the Board committees should report to the Board on their decisions or recommendations made.

Remuneration Committee

The Remuneration Committee currently comprises a total of five members, being three independent non-executive Directors, namely, Mr. Guo Jingbin (Chairman), Mr. Fung Ching Simon and Mr. Wang Tianye; one non-executive Director, namely, Ms. Li Qing and one executive Director, namely, Mr. Li Shifa. Accordingly, the majority of the members are independent non-executive Directors.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Remuneration Committee are to (i) make recommendations to the Board on the remuneration packages of directors and senior management and the remuneration policy and structure for all directors and senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code was adopted) and (ii) establish transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2020, the Remuneration Committee has performed the following major tasks:

— Review and discussion of the remuneration packages of Directors and senior management of the Group and the making of relevant recommendations to the Board; and

— Recommendation of the remuneration package of Mr. Wu Guozhou, the newly appointed Director, to the Board.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the member of the senior management other than Directors by band for the year ended 31 December 2020 is set out below:

Remuneration	Number of individual
Nil to RMB500,000	0
RMB500,001 to RMB1,000,000	1

The remuneration of the Directors is determined with reference to their qualification, experience, time commitment and responsibilities in the Company as well as the remuneration policy of the Company. Details of the remuneration of each of the Directors for the year ended 31 December 2020 are set out in Note 40 to the consolidated financial statements.

Audit Committee

The Audit Committee currently comprises a total of three members, namely, Mr. Fung Ching Simon (Chairman), Mr. Guo Jingbin and Mr. Leung Chi Ching Frederick. All of the members are independent non-executive Directors, with one independent non-executive Director, being Mr. Fung Ching Simon, possessing the appropriate professional qualifications. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

During the year ended 31 December 2020, the Audit Committee has performed the following major tasks:

— Review and discussion of the annual financial results and report for the year ended 31 December 2019 and interim financial results and report for the six months ended 30 June 2020;

— Review the Group's continuing connected transactions for the year ended 31 December 2019;

— Review of the scope of audit work, auditor's fees and terms of engagement for the year ending 31 December 2021;

— Review and discussion of internal audit findings and internal audit plan;

— Discussion and recommendation of the re-appointment of the external auditor;

— Review of the risk management and internal control systems;

— Review of the arrangements for employees to raise concerns about possible improprieties; and

— Considering and recommendation of the change of functional and presentation currency of the Company.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

Nomination Committee

The Nomination Committee currently comprises a total of five members, being one executive Director and the Chairman of the Board, namely, Mr. Li Shifa (Chairman); three independent non-executive Directors, namely, Mr. Guo Jingbin, Mr. Wang Tianye and Mr. Leung Chi Ching Frederick; and one non-executive Director, namely, Ms. Li Qing. Accordingly, the majority of the members are independent non-executive Directors.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board and recommend any changes to the Board; identify qualified and suitable individuals to become Board members and select and make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

The Company has adopted the Director Nomination Policy. Such policy, devising the criteria and process of selection and performance evaluation, provides guidance to the Board on nomination and appointment of directors of the Company. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. In selecting and evaluating candidates for directorship, the Nomination Committee may make reference to certain criteria, such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision.

The Company also recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed to attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talents; and to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any. A Board diversity policy was adopted by the Company, pursuant to which the Board and the Nomination Committee is responsible for reviewing and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience) and for ensuring that changes to the Board's composition can be managed without undue disruption. The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board that are aligning with the Company's strategy and objectives.

For the nomination and appointment of Mr. Wu Guozhou as an executive Director of the Company, the nomination criteria and procedures set out above have been applied.

During the year ended 31 December 2020, the Nomination Committee has performed the following major tasks:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company with due regard for the benefits of diversity on the Board;

— Recommendation of the re-election of those directors standing for re-election at the 2020 annual general meeting of the Company;

— Assessment of the independence of all the independent non-executive Directors of the Company;

— Recommendation of the appointment of Mr. Wu Guozhou as an executive Director; and

— Recommendation of the appointment of senior management of the Company.

OBSERVANCE OF UNDERTAKING RELATING TO LEASE REGISTRATION

Historically, certain leases of the Group for its logistics facilities, offices and registered address were not registered and filed with relevant land and real estate administration bureaus in the PRC and prior to the listing of the Company, the Group had enhanced its internal control measures include, among others, (i) establishing a team to communicate and coordinate with tenants and lessors to obtain lease registration, (ii) reporting status of lease registration to the Group's compliance committee on a quarterly basis, (iii) revising lease templates to include cooperation of tenants for lease registration as a contractual obligation to the Group's tenants, and (iv) ensuring existing tenant to sign future leases with such cooperation term upon renewal.

In 2020, the Group has strictly implemented the above internal control policies and measures relating to the lease registration and had strictly complied with and fulfilled the relevant undertakings provided by the Group with respect to the registration of leases for its logistics facilities, offices and registered address as more particularly described in the section headed "Business — Licenses, Regulatory Approvals and Compliance Record — Lease Registration" in the Prospectus. As a result of the Group's dedication in the rectification of non-registration of leases, as of 31 December 2020, 14 leases out of the 321 leases for the Group's logistics facilities (covering GFA of approximately 2,909,327 sq.m.) had been registered and the Group was in the process of registering the remaining 307 leases and will take all practicable steps to ensure that such leases are registered.

DIRECTORS' RESPONSIBILTY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company, which are put to the Board for approval.

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

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 provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Company's objectives.

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

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

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Company and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress.

The management continuously monitors the assessment of the risk management and internal controls and reports to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems. The Board through the Audit Committee regularly reviews the effectiveness of the risk management and internal control systems of the Company and its subsidiaries.

The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems constantly every year. 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 Audit Committee.

The Board as supported by the Audit Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit findings. The Board has also considered the adequacy of resources, qualifications and experience of staffs of the Company's accounting and financial reporting, internal audit, risk management and other relevant functions, and their training programs and budgets during the year under review. The Board considered that, for the year under review, the risk management and internal control systems of the Company are effective and adequate.

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 are implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, reports to the Board once identified any inside information for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities for the audit of the consolidated financial statements for the year ended 31 December 2020 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Group's external auditor in respect of audit services and non-audit services for the year ended 31 December 2020 are analyzed below:

Type of services provided by the external auditor	Fees paid/ payable (RMB'000)
Audit services:	
Audit fees for the year ended 31 December 2020	3,600
Non-audit services:	
Interim review and others	1,000
Total:	4,600

COMPANY SECRETARY

Ms. So Ka Man of Tricor Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact persons at the Company, whom Ms. So can contact, are Mr. Cheuk Shun Wah, an executive Director and Ms. Li Qing, a non-executive Director.

During the year, Ms. So has taken no less than 15 hours of relevant professional training to update her skills and knowledge.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

To promote effective communication, the Company's website at "www.cnlpholdings.com" serves as a communication platform for shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company (including requests for putting forward proposals at shareholders' meetings) as follows:

Address:	No. 1899, Shenkun Road, Minhang District, Shanghai, China (201106) (For the attention of the Chairman of the Board)
Fax:	(86 21) 6627 7717
Email:	marketing@yupeigroup.com

The Company continues to enhance communications and relationships with its shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from shareholders and investors are dealt with in an informative and timely manner.

In addition, the general meetings of the Company provide a good opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available to answer questions at the annual general meeting and other shareholders' meetings.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.cnlpholdings.com) and the Stock Exchange after each shareholders' meeting.

Pursuant to the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

The Articles do not provide for specific procedures for shareholders to put forward proposals at shareholders' meeting. Shareholders and investors are encouraged to contact the Company directly in case they wish to submit any proposals to any shareholders' meetings to be convened by the Company. Contact details are set out in the section headed "Communications with Shareholders and Investors" in this corporate governance report.

With respect to the shareholders' right in proposing persons for election as directors, please refer to the procedures available on the website of the Company.

The Company has not made any changes to the Articles during the year ended 31 December 2020. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Articles for further details of the rights of shareholders.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Reporting Purpose

China Logistics Property Holdings Co. Ltd ("**CNLP**", together with its subsidiaries collectively referred to as the "**Group**" or "**We**") is pleased to publish our Environmental, Social and Governance ("**ESG**") Report (the "**Report**") for 2020. The Group has been devoting great effort in constructing high quality logistic facilities and actualizing our corporate responsibility. This report mainly outlines our strategies, measures and performance regarding sustainable development. For details of our corporate governance, please refer to the section headed as "Corporate Governance Report" in this year's annual report.

Reporting Scope

Unless otherwise specified, this Report covers the period from 1 January 2020 to 31 December 2020 (the "**Reporting Period**"), and the scope includes our Shanghai, Hong Kong and Beijing offices and 33 logistics park projects with operational control. Compared to last year, Wuxi Yupei Park (Phase 3), Kunshan Yuzai Park and Nanjing Yupei Park are included in this year's reporting scope.

Reporting Standards

The Group has complied with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") issued by Hong Kong Exchanges and Clearing Limited ("**HKEx**") to prepare this Report to disclose the performance of the Group in environmental and social aspects during the Reporting Period.

Reporting Principle

During the preparation of the Report, the Group adhered to the following reporting principles: materiality, quantitative, balance and consistency. For details, please refer to the table below.

Principle	What it means	Response of the Group
Materiality	The issues covered in this Report should reflect the significant impacts of the Group on the economy, environment and society, or the aspects that affect the assessments and decisions of stakeholders.	Through materiality assessment, the Group identifies environmental, social, and governance topics that are material to various stakeholders. Relevant stakeholders have chosen 12 topics in this year. For details of the assessment processes and results, please refer to the sections headed "Stakeholder Communication and Engagement" and "Materiality Assessment".
Quantitative	This Report should disclose key performance indicators in a way that is measurable and conduct comparison when appropriate.	As far as practicable, the Group discloses its key environmental and social performance indicators collected from relevant departments with quantitative measures.

Principle	What it means	Response of the Group
Balance	This Report should present the positive and negative information of the Group in an objective manner.	The Group has identified and disclosed the environmental, social and governance issues in this Report, which include the achievements it has made and the challenges it faces.
Consistency	The Group should confirm that the method used in preparation of the ESG Report is consistent with that adopted for the prior year, or state the revised reporting methods, or illustrate other relevant factors that will affect meaningful comparison, and therefore makes the key performance indicators comparable.	The reporting scope and reporting method are substantially consistent with those of the prior year, and explanations have also been provided for changes in the reporting scope for the year.

Confirmation and Approval

Reference made in this Report is sourced from the official documents, statistical data of CNLP, and management and operation information collected according to the systems of the Group. The content of this Report has been reviewed and approved by the board of directors of the Group in April 2021.

Your Opinion

We value the opinion of stakeholders and are pleased to receive comments and suggestions concerning this Report and our performance of sustainable development from stakeholders. Please contact us via admin.yp@yupeigroup.com.

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

On behalf of the Group, I am pleased to present our 2020 Environmental, Social and Governance Report. During this year, we continue our work in enhancing the Group's sustainable development, community care, and corporate governance, striving to put sustainability in practice across all logistics assets portfolio and working towards the goal of expanding our logistics assets portfolio to a total size of 10,000,000 square meters.

2020 was a challenging year, following the outbreak of coronavirus disease 2019 ("**COVID-19**"), the world economy has been put aside, and different sectors of society are having higher requirements on the Group's risk management in the environmental, social and governance aspects. The board of directors (the **"Board"**) of the Group is responsible for leading the Group's sustainable development and assessing each potential risk and opportunity. Through the sustainable development policies, the Board guides the Group's sustainable development and governance direction.

Our operation is inseparable from contact with nature. Facing the escalation of global climate change, the Group has been implementing energy conservation and carbon reduction measures as far as it can and acting in concert with environmental protection policies of the Chinese government, aiming to minimize the environmental impacts generated from the operation. At the same time, we have arranged corresponding measures in coping with the extreme weathers brought by climate change, to protect the safety of our employees and customers.

Being a part of the society, the Group understands that our operation has great impacts on the communities of the business place, therefore, we actively take up the social responsibility of a listed company and bring positive impacts to the local communities. We believe that to be the largest quality logistic facilities provider, we must have outstanding performance in managing the environmental, social and governance issues; hence, we have explored and implemented many measures, so as to develop sustainability to its fullest.

Among all stakeholders, our employees play a crucial role in operation of the Group and are the foundation of the Group's development. Therefore, we provide a range of vocational training to enhance the employees' competitiveness and the service quality of the Group. Also, we are genuinely concerned about the physical and mental health of our employees, and we endeavor to provide a safe and friendly working environment.

We would use different channels to understand more about the expectations of each stakeholder on the Group, including annual reports, meetings, online questionnaires, field visits and regular conversations, to formulate the content of the Report. We will disclose the concerned environmental, social and governance topics in different sections of this Report.

The Group has been upholding the spirit of "Ceaseless self-improvement, learning and innovation" and endeavoring to make progress in environmental, social and governance aspects, so as to create long-term value for the Group and the community.

Mr. Li Shifa
Founder, Chairman, President and Executive Director
April 2021

ABOUT CNLP

The headquarter of the Group is in Shanghai, the PRC. Our core businesses include design, development, leasing, operation, and management of logistics infrastructure. Our network of logistics parks covers various provinces and municipalities across the People's Republic of China ("**PRC**"), which positions our customers well to benefit from the nationwide logistics advantages. For each step from design to operation, we have taken the first-class warehouse design standards and customers' demands as the most important consideration factors of design and service offering. The combination of quality services, first-class logistics facilities and strategic geographic layout has become the core advantages of our sustainable development.

Total floor area of logistics parks completed 3.6M m^2

(The picture on the right is Suzhou Yuqing Park)

Total area reserved for development 0.4M m^2

(The picture on the left is Jiaxing Yupei Park)

Total area of logistics parks under construction 0.4M m^2

(The picture on the right is 3-level Jinan Park that is currently under construction)

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

We are devoted to bringing positive impacts to all stakeholders of the Group, taking full account of environmental and social issues, and integrating them into our policy planning process, to keep up the performance in sustainable development. We continue assessing the environmental, social, and governance risks and opportunities, creating values for our employees, tenants, and business partners.

RISK MANAGEMENT POLICY FOR SUSTAINABLE DEVELOPMENT

Risk management has a great impact on the long-term sustainable development of the Group, and we have incorporated the philosophy of risk management into our daily operation. The Group's risk management framework consists of the Board, senior management, legal department, business units and other functional units. The internal audit department accesses and reviews the internal control on the risk management annually, identifying and assessing potential significant risks that may arise in the operation, proposing appropriate risk response that is fit for the Group's risk appetite, and then revising the risk register. As the highest decision-making body of the risk management framework, the Board is responsible for overseeing the Group's risk management, including both climate-related physical risks and transition risks, to ensure the Group has managed all key potential risks properly.

STAKEHOLDER COMMUNICATION AND ENGAGEMENT

The Group has stakeholders from different sectors, including employees, suppliers, tenants, investors, etc. We consider the expectations of our stakeholders as important factors when developing our sustainable development policy. Through annual reports, meetings, field visits and regular dialogs, we could have better understanding about the expectations of different stakeholders. By addressing their demands, the Group can formulate a more holistic plan and enhance our sustainability.

Identified Stakeholders	Communication Channels	Expectations and Concerns	The Group's Responses
Employees	— Internal emails and publications — Competitions and team building activities — Staff training — Channels for employees to reflect their opinions — Corporate WeChat	— Employees' rights — Safe and comfortable working environment — Salary and benefits	— Strictly abide by the "Labor Law of the PRC" to ensure that employees' legal rights are met — Formulate "Administrative Measures for Fire Safety" to ensure the personal safety of employees — Organize employee activities and travel from time to time to promote the physical and mental health of employees
Community	— Community activities — Charity donations	— Corporate social responsibility	— Encourage employees to participate in charity activities and voluntary work to contribute to society — Formulate the "Measures for the Environmental Protection at Construction Site" and other measures to reduce the impact of the Group's operations on the environment
Government	— Constant communication	— Compliance management	— Strictly abide by relevant laws and regulations, formulate internal guidelines according to the relevant laws and regulations, and require all employees to strictly follow these rules

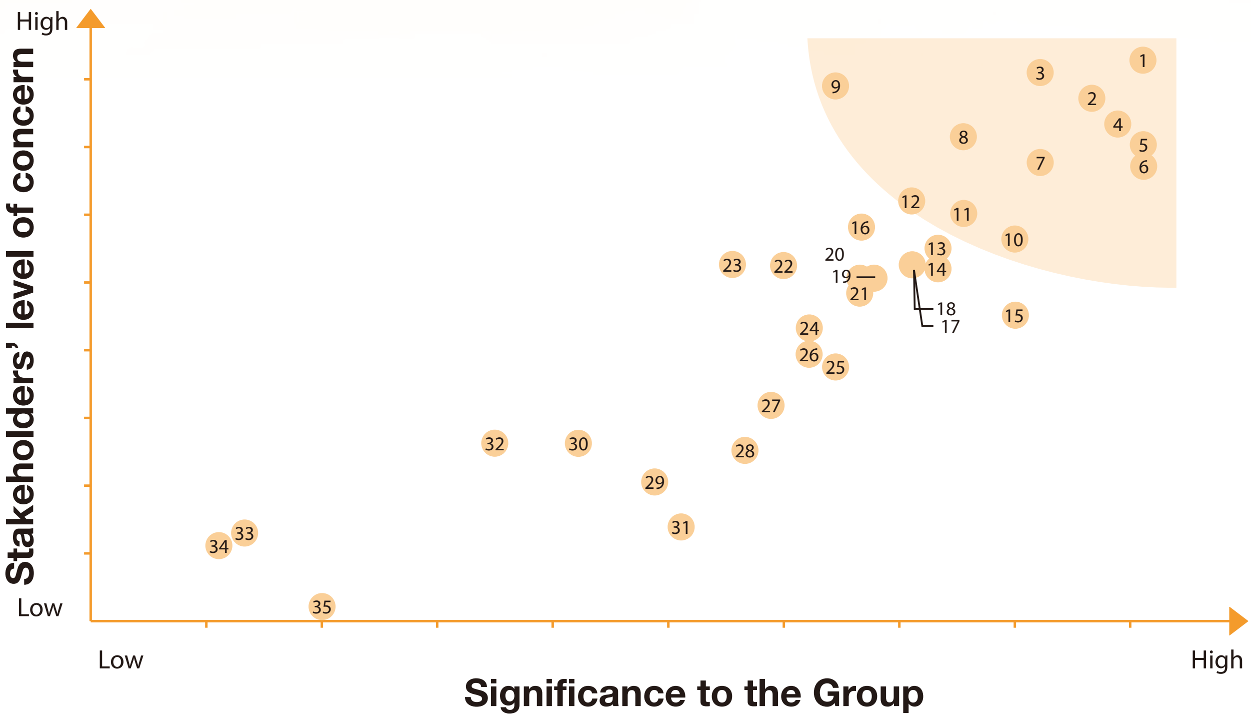
Identified Stakeholders	Communication Channels	Expectations and Concerns	The Group's Responses
Tenants	— Complaints handling mechanism — Satisfaction survey — Site visits	— Park security — Service quality	— Implement a 24-hour entry and exit registration system — All visitors in the park must be accompanied by relevant persons of the Group, and unauthorized persons are not allowed to enter — Undertake regular customer satisfaction surveys
Investors and Shareholders	— Corporate reports and announcements — General meeting — Corporate website	— Investment return — Information transparency — Protection of shareholders' rights and equitable treatment	— Strictly abide by relevant laws and regulations — Apply a top-down approach towards potential risks by establishing a comprehensive risk management system — Publish financial result, circular and announcement
Suppliers	— Supplier assessment	— Establishing a long-term partner relationship	— Establish "Yupei Group Asset Management Instruction Manual", setting out the supplier's regular assessment procedures

MATERIALITY ASSESSMENT

Materiality assessment helps us properly identify topics that stakeholder value and have a significant impact on the operation and development of the Group.

Stage	Action
1st stage: Identify relevant topics	Based on the results of past and existing stakeholder communication and the “Environmental, Social and Governance Reporting Guide” of HKEx, 35 ESG issues were identified. In response to stakeholders’ concerns on how the Group manages the risks and opportunities brought about by climate change, this year “climate change” was added to the materiality assessment. Compared with last year’s report, ESG issues identified were reduced by 7 this year, mainly because the Group combined the repetitive ESG issues in the logistic park construction and daily operations. Since we believe that those repeated ESG issues are equally important in both aspects; hence, we proceed to combine them together.
2nd stage: Gather stakeholders’ feedback	We sent online questionnaires to our stakeholders to gather their comments and expectations on the Group’s environmental, social and governance performance.
3rd stage: Identify important topics	The results of the questionnaire are then transformed into a materiality matrix, demonstrating the importance and impact of 35 topics towards the stakeholders and the Group’s business. A total of 12 material topics were identified this year. We will respond to and elaborate on those topics of concern to various stakeholders in different sections of this Report.

Materiality Matrix



The followings are the 35 ESG Topics identified during the year. The 12 topics within the range marked on the upper right of the matrix are the topics that have a greater impact on the business development of the Group and are of the greatest concern to stakeholders.

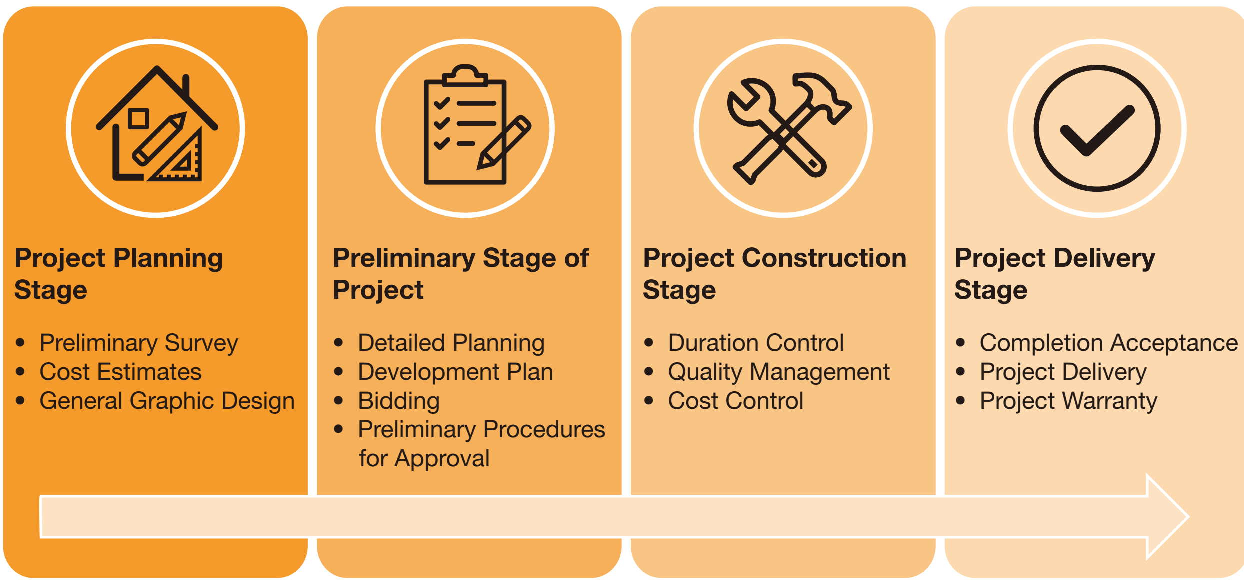
1 Safety and Health of Employees
2 Supervision of Construction Quality
3 Emergency Response Plan
4 Logistics Park Security and Safety
5 Occupational Safety and Health
6 Employee Benefits
7 Suppliers Management Process
8 Customer Services
9 Energy Conservation Measures
10 Customer Satisfaction
11 Project Environmental Impact Analysis
12 Facilities Specifications
13 Training and Development
14 Water Conservation Measures
15 Anti-Fraud and Anti-Corruption
16 Employment Relationship and Communication with Employees
17 Hazardous Waste Treatment
18 Prevention of Child and Forced Labor
19 Wastewater Management
20 Treatment of Household Refuse and Other Non-hazardous Wastes
21 Construction of Green Warehouse
22 Anti-discrimination, Diversity and Equal Opportunities (Age, Gender, Disability, etc.)
23 Technology Research and Development
24 Supplier Environmental and Social Performance Assessment
25 Exhaust Gas Emission Management
26 Treatment of Construction Waste and Other Non-hazardous Waste
27 Noise Pollution Management
28 Use of Natural Resources (including Energy, Water and Other Resources)
29 Marketing and Advertising Management
30 Intellectual Property
31 Greenhouse Gas Emissions Management (including usage of Sustainable Energy)
32 Climate Change
33 Participation in Voluntary Work
34 Charitable Donations
35 Organization of Public Welfare Activities

PROTECT THE ENVIRONMENT AND BUILD A GREEN ENTERPRISE

The Group attaches great importance to the environmental impact caused by the construction and operation of logistics parks. We have developed a series of systems, which provide complete management procedures for each stage from planning to completion to minimize the potential environmental impact. During the Reporting Period, the Group confirmed that no significant violations related to exhaust gas and greenhouse gas emissions, pollution to water and land, and the generation of hazardous and non-hazardous waste had been reported.

Project Development and Construction

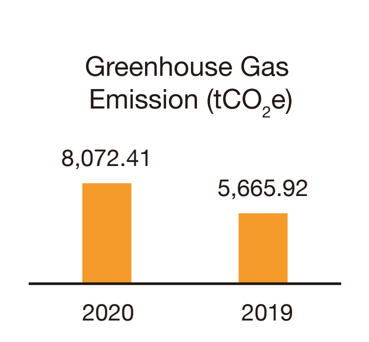
To manage the progress of project development, the Company has established a "Project Development and Construction Management System" policy to ensure that the project development cycle is within budget and reduce additional costs and impact on the environment and communities caused by delay in completion. The Group has divided the project into four stages, namely: (1) Project Planning Stage; (2) Preliminary Stage of Project; (3) Project Construction Stage; and (4) Project Delivery Stage. By setting a detailed guideline, each department will acknowledge their responsibilities and tasks, hence reducing the chance of delay.

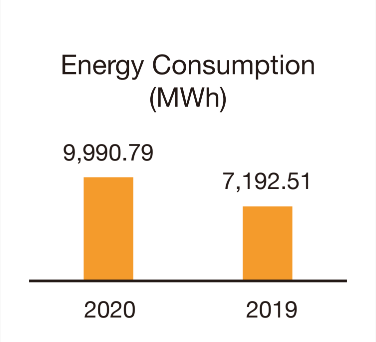


Careful Site Selection

The early site selection of the logistics parks is a crucial step. The location of the logistics park will affect the distance of transportation. The shorter the distance, the fewer the greenhouse gases and noise generated during transportation, as well as the impact on the local environment and communities. In addition, it can effectively promote the delivery time and improve economic efficiency. In order to strictly comply with the Environmental Protection Law of the People's Republic of China, Environment Impact Assessment Law of the People's Republic of China and other environmental protection laws and regulations, we will hire qualified third parties to conduct on-site inspections and assessments of selected locations to understand the impact of the construction on the local ecology, such as air quality, geology, water quality, noise, ecological environment, and biodiversity, etc. Results will be evaluated and analyzed, and the data will be reported and submitted to the local Environmental Protection Agency for approval. The construction process will only be started after approval is granted.

Energy, Greenhouse Gas and Exhaust Emission Management





Electricity consumption is the Group's major source of greenhouse gas emissions. To improve the efficiency of electricity consumption, we actively introduced more renewable energy in the parks. During the Reporting Period, solar energy consumption accounted for 1.53% of the total power consumption. The remaining greenhouse gases and all the exhaust emissions generated by the Group came from the use of a small number of vehicles and other types of machinery.

For the construction site, we will also require all the contractors to follow the Group's construction requirements, complying with relevant national air quality standards such as "Atmospheric Pollution Prevention and Control Law of the PRC" and "Integrated Emission Standard of Air Pollutants", and implementing the recommendations of the Environmental Impact Assessment Report to control the air pollution generated during the construction period within the scope specified by the standard. Regarding the dust problem caused during the construction of the logistics parks, we have adopted the following management measures and will regularly review the effectiveness of these measures, including:

- water sprinkling for dust suppression during excavation, burying and crushing works, covering, curing, greening and hardening the main roads on the sites to meet the limit for non-organized emission of particulates set out under the Integrated Emission Standard of Air Pollutants — less than 1.0 mg/m^3; and

- earthwork backfilling, transshipment and other construction processes that may cause dust pollution are prohibited when windstorm level 4 or above is hoisted.

At the construction site, we mainly adopt the following measures to preserve energy:

- install electricity meters at project sites and sub-meters in construction and living areas, and assign specialists to conduct routine meter reading, to ensure that electricity consumption is within a reasonable range;

- prefer energy efficient construction machinery and electrical and mechanical systems; and

- staff have to switch off idle construction machinery, lighting, and air conditioner.

Waste Management

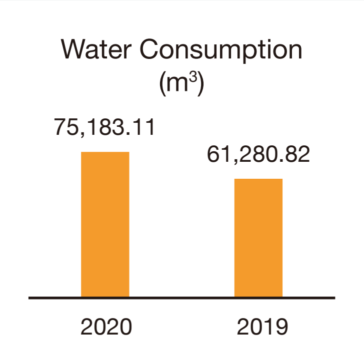
We uphold the philosophy of "Source Reduction, Garbage Sorting" towards waste management. The waste generated in the parks is generally non-hazardous waste, mainly domestic waste and office paper. Qualified cleaning and delivery enterprises are employed to clean the parks every day. The waste generated by tenants and other related parties will be processed as agreed in the contract and collected by qualified third parties. To reduce paper usage, we encourage employees to print on both sides as much as possible to save the use of paper. In addition, we have also set up recycling bins with clear guidelines to encourage tenants to support recycling. As to tenants, we offer them recycling guidelines and encourage them to make good use of the waste sorting and recycling facilities in the parks.

During the construction, three types of solid waste are generated in general, namely domestic waste, construction waste and earthwork. We follow the "Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes" for our waste management. We provide classified recycling containers at construction sites to encourage our staff to collect recyclable solid waste, such as paper, scrap steel materials, etc., which are then delivered to qualified recyclers. Excess earthworks and construction materials are backfilled on the sites where they are generated, whereas the waste that cannot be recycled or reused is collected by the environmental protection team for proper central treatment to prevent secondary pollution.

Recycling Gives the Waste Wooden Pallets a Second Life

In a logistics park for warehousing purposes, there will inevitably be plenty of wooden boards as load-bearing pallets for cargo transportation. However, the operation of many goods will eventually cause loss or even damage to these pallets. Although these wooden pallets can no longer provide the function of carrying goods, the wooden boards that make up the pallets still have a certain value. Therefore, we have followed the recycling principle of the three major environmental protection principles, collected all the broken wooden pallets and transformed them into wooden fences. On the one hand, we avoided the generation of rubbish and on the other hand, we also improved the park's exterior.

Water Management



We employ the "polluter pays principle" to manage the water used by our tenants. Each household is charged according to the meter reading, and tenants are encouraged to save water and cherish resources. For employees, we have provided training on water conservation, and posted water conservation tips in the office to reduce daily water consumption by enhancing employees' awareness of conservation. In addition, we collect rainwater for drip irrigation to maximize water usage efficiency.

For construction site, we strictly follow the standards related to wastewater and odorous gas treatment, such as "Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant" and "The Reuse of Urban Recycling Water — Water Quality Standard for Urban Miscellaneous Water Consumption" to ensure the wastewater generated during construction and the construction water from the carwash, the sedimentation tank and other facilities would not be discharged to the ground surface directly. All the sewers on our construction sites are connected with ceramics and smeared with impervious cement paste to prevent sewage permeation and thus polluting underground water.

Other water saving measures

- install water meters to monitor water usage;
- assign personnel to be responsible for regular inspection of water leakage;
- use water saving valves at construction sites;
- utilize domestic sewage after sewage treatment for irrigation or road washing; and
- utilize precipitation from foundation pit for dust reduction, vehicle washing, toilet flushing, concrete curing in structural construction and construction water in a secondary renovation.

During Reporting Period, the Group confirmed that we have no problem in sourcing suitable water.

Noise Pollution Management

We strictly follow the "Emission Standard of Environment Noise for Boundary of Construction Site" and the "Law of the PRC on the Prevention and Control of Pollution from Environmental Noise", to manage the noise generated by machinery and vehicles during construction. We implement the following measures:

- Reasonably schedule construction timetable as well as reduce the duration of construction work during the night to minimize the impact on the nearby communities;

- Adhere to the "Notice on Strengthening the Supervision and Administration of Environmental Noise Pollution during National College Entrance Examination" by forbidding the generation of excessive and disturbing noise from construction work within the period of 15 days before and during high school and college entrance examination;

- To comply with the Type 3 standard under the "Emission Standards for the Noise at the Boundaries of Industrial Enterprises" of less than 65 dB during daytime and less than 55 dB during night time, we specially set up construction sites in the closed shelters to place electric saws, planers, mixers, fixed concrete pumps, large air compressors and other equipment generating extensive noise, and make the shelters far away from the residential area as far as possible; and

- We require workers to use machines and equipment with qualified noise emission standards during the construction, and utilize noise elimination devices during the operation of the machines and monitor noise levels to ensure that it meets the national "Environmental Quality Standards for Noise" or other local noise emission standards.

Environmental Key Performance Indicators ("KPIs") Summary

Description	Unit	Figure for 2020	Figure for 2019
Greenhouse Gas ("GHG") Emission			
Total GHG emission	tCO_2e	**8,072.41**	5,665.92
Direct emission (Scope 1)	tCO_2e	**116.34**	115.90
Indirect emission (Scope 2)	tCO_2e	**8,059.64**	5,649.33
Emission reduction (Scope 1)	tCO_2e	**103.57**	99.31
Total GHG emission per sq.m. (Scope 1 & 2)	tCO_2e	**0.016**	0.013
Air Emission			
Nitrogen oxides (NO_x)	kg	**91.69**	103.13
Sulphur oxides (SO_x)	kg	**17.16**	17.15
Particular matters (PM)	kg	**1.35**	5.75
Non-hazardous Waste			
Total non-hazardous waste	tonnes	**4,566.64**	3,091.00
Non-hazardous waste per sq.m.	tonnes	**0.009**	0.007
Energy			
Total energy consumption	MWh	**9,990.79**	7,192.51
Purchased Electricity	MWh	**9,302.93**	6,417.90
Solar Energy Purchased	MWh	**142.64**	236.52
Diesel	MWh	**36.42**	9.75
Petrol	MWh	**52.15**	450.15
Natural gas	MWh	**456.65**	78.19
Total energy consumption per sq.m.	MWh	**0.02**	0.017
Water			
Total water consumption	m^3	**75,183.11**	61,280.82
Water consumption per sq.m	m^3	**0.15**	0.16

* During the Reporting Period, the environmental key performance indicators (KPIs) cover our (i) Shanghai Office, (ii) Hong Kong Office, (iii) Beijing Office and (iv) the 33 logistics parks with operational control and in operation.

** The environmental KPIs are based on the overall environmental performance of a logistics park (including the tenants' areas, public areas or facilities, supporting facilities for property management and maintenance) and is calculated by the area of the park (excluding the tenants' area), while the intensity is calculated by the per square meter area (excluding the tenants' area).

*** Our business does not involve packaging materials and hazardous waste. The relevant disclosures are not applicable.

**** As the water supply is controlled by the property management company in Hong Kong, the data of certain tenants are unavailable.

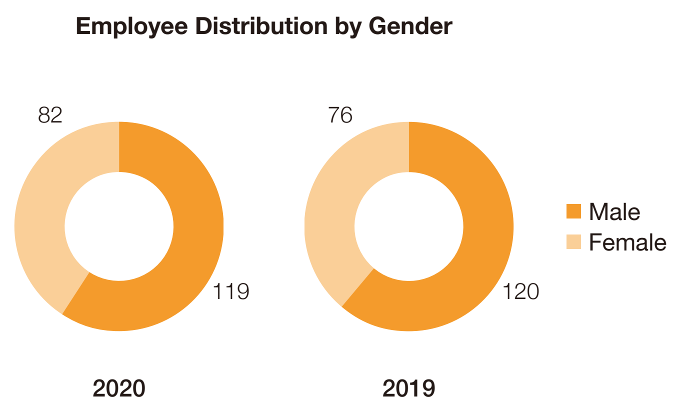
***** 2019 water consumption data has been restated to reflect actual usage.

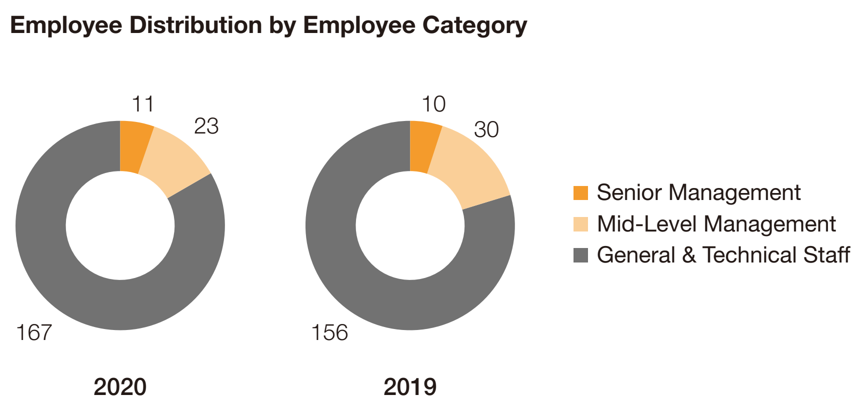
****** With reference to the emission factors for Mainland China-based operations newly supplemented in "How to prepare an ESG report" published by HKex, the scope 2 indirect emission in 2019 has also been restated.

STAY PEOPLE-ORIENTED AND CREATE MUTUAL VALUE WITH EMPLOYEES

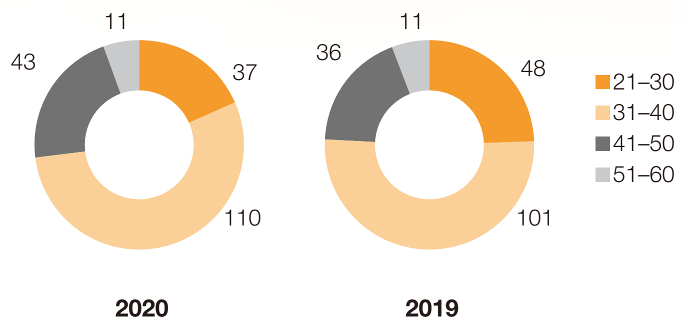
Employees are the cornerstone of the development of the Group. Therefore, we strive to provide employees with a supportive, pleasant, and healthy working environment, and build a caring community in the workplace. We care much about our employees, and deeply understand that a good relation with employees and a passionate team are essential to the high efficiency of operation. During the Reporting Period, the Group confirmed that no significant violations related to employee's remuneration, dismissal, recruitment, promotion, working hours, rest time, equal opportunity, diversity, discrimination and other employee welfare issues had been reported.

Employee Distribution





Employee Distribution by Age Group



Fair Recruitment

Based on the Group's "virtue guided and merit based" recruitment philosophy and the principles of "openness, fairness and legitimacy", we attract talents through multiple channels, including campus recruitment, recruitment fair and external recommendations, etc. As an employer that advocates equal opportunities, the Group appoints people by merit, and age, gender, race, color, sexual orientation, religion, nationality, disability, or marital status of the applicants would be excluded in our recruitment considerations. As at 31 December 2020, the Group employed 201 staff, of which 5 work in Hong Kong, the remaining 196 staff work in Mainland China, all of them are full-time staff.

Remuneration and Welfare

A competitive and comprehensive remuneration and welfare package has an important impact on promoting company cohesion. Therefore, the Group has set out the "Employee Handbook" and "Yupei Management Policy" that standardizes the management of remuneration, holidays and other benefits. We also strictly adhere to relevant laws to provide our staff with pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and housing provident fund ("**five insurances and one housing fund**"). We determine remunerations by employees' abilities, offer employees bonuses based on departmental performance and individual performance, and reward their work performance with real incentives. To promote a healthy work-life balance, the Group regularly organizes different sports activities to help improve the physical and mental wellness of our employees. Gifts are distributed to employees during festivals such as Dragon Boat Festival and Mid-autumn Festival to ensure we can share the festive joy with them.

Work-life Balance, Show Your Talents

A healthy body is the source of happiness. The Group cares about the physical and mental wellness of our employees. Therefore, we participated in "The 3rd Shanghai Citizens Sports Meeting", encouraging our employees to participate in the event and release their pressures on the field.

Friendly Working Environment

Regarding harassment and discrimination in the workplace, the Group adopts a zero-tolerance approach. We have established multiple complaint channels, including telephone, email, fax and post; employees may complain and seek help at once. We value the health of our employees, and encourage them to complete their work within the prescribed tasks and avoid working overtime. If overtime work is needed, approval is required in advance, and employees will be compensated for leave equivalent to the number of days of the overtime work. In addition, the Group has clear guidelines prohibiting the employment of child labor and forced labor. During the Reporting Period, the Group confirmed that there is no reported case of child labor or forced labor.

Celebrating the National Day with Employees

The Group regularly celebrates festivals with employees to share the festive joy and relieve their work pressure.

Work health and safety

The health and safety of employees have always been our primary goal. We provide employees with annual body check to ascertain their health are in sound condition. Moreover, to ensure employees would escape safely in emergencies, we have prepared emergency plans in the "Logistics Park Management Operation Manual", which cover public security incidents, fire accidents, flooding accidents and traffic accidents to enable employees to take prompt actions to respond to emergencies. During the Reporting Period, the Group confirmed that no major work injuries and significant violations related to safe working environment and employees' occupational health had been reported.

Opening of Yupei Library — Awarded as Excellent Enterprise for Social Responsibility

Although 2020 has been a challenging year, the Group embraced the challenges readily and the Yupei Library still managed to be completed in 2020 and opened to our employees. We hope to cultivate a highly effective learning environment for maximum learning to take place. On the other hand, there is also a badminton court in the library to promote the physical and mental wellness of readers.

Together We Fight Against COVID-19

During the epidemic, many of our logistics parks are operating as normal. In order to ensure the supply of daily necessities, our employees stayed on the front line to maintain the operation of the parks during the epidemic after obtaining approval from the relevant authorities. To safeguard the health of such employees and their families, we have implemented a series of measures to combat COVID-19, including regular disinfection in public area of the park, requiring employees to check body temperature before and after reporting for duty, and strictly implementing park access management, so that we can protect employees from the infection and prevent the spread of the epidemic.

Employee Development and Training

To support employees to grow with the Group, we offer training to employees in different positions according to the growth plans and development requirements of the Group at each stage, thus ensuring that the values of employees are consistent with our vision, strategies and regulations. Our training contains three levels: the staff level, the corporate level and the strategic level. Training focuses on employees' professional skills and professional quality and combines both internal and external programs for the purpose of improving the expertise and skills of employees.

Staff Level	Strategic Level	Corporate Level
Compare employee's current performance and expected performance	Identify knowledge and skills required for effective operation of enterprise in the future	Analyze the objective, resources and environment of enterprise

Professional Skills: Basic Knowledge, Professional Skills

Professional Quality: Professional attitude, Professional Ethics, Personal Manners

External Training	Internal Training
Training conducted by external institutions invited by the Group	Training organized by senior lecturers of the Group

OPERATE LEGALLY WITH CORPORATE INTEGRITY

Operation with Probity and Firm Stance on Anti-corruption

The Group strictly abides by the law and operates with probity. To ensure all newcomers clearly understand our requirements, all newly recruited staff must sign the "Probity Code of Conduct", which has listed out our expectations towards their ethics, and the consequences of violation. In addition, we have also established a complaint and reporting system for external and internal stakeholders of the Group to report any violations, thus building an operating environment of openness, fairness and justice. In order to protect the legitimate rights and interests of the whistle-blowers, we implement a confidentiality system for the whistle-blowers and the content to ensure they are covered in safety. For suppliers and business partners, the Supplier Code of Conduct has been attached with the contract to convey our requirements for ethics, integrity, and discipline.

Training to Identify Duty Crimes in Private Enterprises

The Group strictly abides by all laws and regulations and actively cooperates with relevant authorities. In November, we invited the deputy chief of the Criminal Tribunal of the Shanghai Minhang District People's Court to conduct a training on "Judicial Identification and Risk Prevention of Crimes in Private Enterprises" for the management and employees of the Group, to improve overall awareness of relevant crimes.

The Group strictly abides by the "Criminal Law of the PRC" and "Anti-Unfair Competition Law" and other laws. During the Reporting Period, the Group confirmed that the Group reported no significant violation in relation to bribery, extortion and money laundering, and also confirmed that there was no corruption case brought up against the Group or its employees.

QUALITY SERVICE, CUSTOMER FIRST

First-Class Quality Warehouse Design

The warehouse is one of the crucial infrastructures in the logistics park. Our requirements for the carrying capacity, coverage area, overall structure, fire prevention and safety measures of the logistics parks have been always maintained at the highest level. We have formulated the "Project Development and Construction Management System", which clearly states the approval and review process for construction plans, construction drawings, and other professional technical plans to prevent cutting corners in the construction. Before the commencement of the construction, contractors are required to make a declaration on construction quality and provide specific solutions to special quality issues. In respect of materials, all major materials to enter the construction sites are subject to sealed sample inspections, and professional engineers compare the quality of materials with that of sealed samples upon delivery. Such materials can be used only when they pass the inspections. Furthermore, departments that are responsible for relevant projects conduct regular inspections and submit reports to the senior management for review.

Timely Completion by Leveraging Our Advantages

The outbreak of COVID-19 has brought great challenges to the progress of the construction of Yupei (Luohe) Logistics Park. To complete on time, the Group strictly follows the COVID-19 prevention guidelines set by relevant authorities on the one hand, and on the other hand, leverages our advantages to complete the project. Upon completion, "Honesty and Trustworthiness Award" has been awarded by the local government to recognise our work efficiency and quality.

Customer satisfaction

Customer satisfaction is a direct reflection of our service quality. To ensure the quality, we have established policies and procedures for communication with customers and handling of complaints. Property assistants would be assigned to visit fault repair requests regularly to keep track of the repair status. The Group has also set up 400 service hotlines for complaints handling to ensure prompt reply. To further enhance our service standard, we send questionnaires to customers regularly and invite them to evaluate hardware and software of various logistic parks using a scoring survey to guarantee that we can maintain the highest level of service.

Strategic Logistic Park Network and Customized Services are Recognized by the Industry

With our outstanding performance in e-commerce logistics and services, the Group was once again awarded the “China E-commerce Logistics and Supply Chain Outstanding Service Provider” award this year after 2018. The fast-growing e-commerce logistic market shall become a major trend in the foreseeable future; to keep up with the development in the industry, we will continue to improve the service quality and strive for creating the greatest value for our shareholders.

Logistics Park Security and Protection

Every item stored in our warehouses is important asset of our customers, and the Group will not tolerate any event that would damage the assets of customers. We have formulated strict policies to strengthen the security of logistic parks. Access control has been implemented in every logistic park. The security guards perform guard duties on time, being responsible for visitor registration and allowing entry only when they have carefully checked the suspicious items. All the logistic parks are equipped with surveillance systems that operate around the clock, and the image only is acquired and viewed by an authorized person. All of them will be deleted after the retention period to protect the privacy of customers.

Besides, for emergencies that may affect the assets or safety of customers, including power outages, fires, flooding, and heavy snowing, the Group has formulated comprehensive emergency plans to safeguard the safety of life and property in the park. We have also clearly defined areas for open flame and designated smoking areas to prevent fire safety problems caused by tossing cigarette butts. It is also prohibited to bring flammable, explosive, highly toxic and other dangerous materials into the park. Toxic gases and excessive noise and vibration production are restricted at prescribed levels to ensure environmental safety in the logistics parks.

Privacy Protection

Protection of personal data provides the basis for the development of trust between the Group and other relevant stakeholders. We are committed to keeping and protecting the privacy of customers and employees. All the internal information relating to customers and the Group, such as customer information, filing information of the parks, company internal information, and personal data of property management employees are kept confidential by way of encryption, and we keep such information in the place where only designated personnel can access. Any persons can acquire, use or forward personal data only when they have complied with the applicable regulations on the protection of relevant information and have followed the personal information and privacy management policy of the Group. Besides, all employees are required to sign a confidentiality agreement upon commencement of their employment and keep all files, hard disks, and other media containing confidential information properly. Disclosure of relevant data to a third party without authorization is strictly prohibited.

During the Reporting Period, the Group confirmed that no significant violations related to the health and safety of the products and services provided, advertising, labelling, privacy and relevant remedies had been reported.

Invest in Society to Create a Harmonious Community

The growth and development of the Group rely on the support of all sectors in the society and we are committed to giving back to the community with what we have taken from the community. Over the years, the Group has been proactively supporting the local communities and the country by actively sponsoring different charity events such as education aid, poverty alleviation, and disaster relief. During the pandemic, we still manage to stay in our post to ensure the supply of epidemic prevention materials and daily necessities in major cities.

Support the construction of “Yupei Teaching Building” of Meilou School in Wuwei City Quantang Town as knowledge makes a big difference.

On 8 September 2020, the completion ceremony of the new ”Yupei Teaching Building” of Meilou School in Quantang Town, Wuwei City was held. Due to the remote location of Meilou School and the lack of teaching facilities such as music rooms and art rooms, the Group assisted in the construction of the “Yupei Teaching Building” to improve the quality of students’ education and promote the development of local education.

Communicate with Peers to Develop Innovative Economy

The technology is ever-changing, and its rapid development has had a major impact on different industries, including the logistics industry. To keep up with the development, we actively participate in different exhibitions and maintain close contact with the peers and regional governments to boost the vigorous development of the logistics industry.

Participate in China International Import Expo for two consecutive years

The Group has participated in the China International Import Expo for two consecutive years. This time, together with a leading domestic smart cold chain integrated service operator, Yupei Supply Chain, we demonstrated the operation of the cold chain in the park, and showcased to all participants how the Group helps customers to develop their businesses and how it promotes the development of local logistics industry.

The exhibition was successfully held after overcoming many obstacles. The Group cherishes this opportunity to search for potential partners for communication and cooperation.

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

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Independent Auditor's Report

羅兵咸永道

To the Shareholders of China Logistics Property Holdings Co., Ltd

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Logistics Property Holdings Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages 114 to 256, which comprise:

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

Our opinion

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

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Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

Valuation of investment properties is identified as a key audit matter in our audit, and is summarized as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Note 2.7 Investment properties, Note 3.3 Fair value estimation, Note 4(a) Fair value of investment properties and Note 8 Investment properties to the consolidated financial statements. Investment properties are initially measured at cost, and are carried subsequently at fair value, representing their fair values determined at each reporting date. The Group's investment properties were carried at fair value at RMB20,289.00 million as at 31 December 2020 and a related net fair value gain of RMB678.56 million for the year then ended was accounted for under "Fair value gains on investment properties — net" in the Group's consolidated statement of comprehensive income. The Group has engaged an external valuer to assess the fair values of the investment properties. The appraised value is determined by using the applicable valuation methods/models which involve key estimates and assumptions, including: future rental cash inflows (which is mainly based on existing contractual rents, market rents and rental growth rates), capitalization rates, discount rates and term/reversionary yields, and for those properties which are vacant land or under construction as of the reporting date, the developer's profit margin, expected completion dates and the costs to complete the construction. We focused on this area as the fair values and the net fair value gains of the investment properties are significant to the financial statements and the valuation of the investment properties is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuation of the investment properties is considered significant due to the subjectivity of key assumptions used, and significant judgements involved in selecting data.	Our procedures in relation to management's assessment of the fair values of the investment properties included: (1) we obtained an understanding of the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (2) we assessed the competence, capabilities, and independence of the external valuer; (3) we obtained the valuation reports for all properties, discussed and queried the adoption of the valuation methodologies and techniques with the external valuer. We assessed the valuation methodologies used in the valuations by comparing to the applicable professional valuation standards and market practice, with the assistance from our internal valuation specialists; (4) we checked the key underlying data used in the valuation methods/models, such as contractual rents and leasehold land and construction costs, on a sampling basis, to the relevant supporting documents; (5) we challenged and assessed the key assumptions used in the valuation methods/models, with assistance from our internal valuation specialists, by performing the following procedures: — market rents, by benchmarking against market available data from similar properties; — rental growth rates, by comparing to the external evidence such as economic and industry forecasts; — capitalization rates, term/reversionary yields, the developer's profit margin and discount rates, by benchmarking against market available data; and — estimated costs to complete and completion dates, by comparing to the project plans and related construction budgets developed and approved by management; and also comparing the actual costs of the newly completed properties to their budget costs to assess the reliability of the budgets;

Key Audit Matter	How our audit addressed the Key Audit Matter
	(6) we assessed the adequacy of the disclosures related to the fair values of the investment properties in the consolidated financial statements by comparing the required disclosure requirement according to the applicable financial reporting framework. Based on the procedures performed, we considered that the risk assessment of valuation of investment properties remained appropriate, the use of the valuation methodologies and techniques was acceptable, and the key assumptions and data used by management in determining the fair values of the investment properties, including the related disclosures, for the purpose of the consolidated financial statements were supported by the evidences we gathered.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung Frederick.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2021

Consolidated Balance Sheet

As at 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	As at 31 December 2020 RMB'000	2019 RMB'000 Restated	As at 1 January 2019 RMB'000 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	6	**115,572**	129,266	128,232
Investment properties	8	**20,289,000**	19,399,000	17,039,000
Intangible assets		**699**	861	653
Right-of-use assets	7	**178,424**	239,051	307,681
Investments accounted for using the equity method	9	**869,370**	787,374	550,556
Financial assets at fair value through profit or loss ("FVPL")	13	**312,539**	111,973	58,337
Long-term trade and other receivables	11(a)	**26,918**	17,166	13,933
Long-term prepayments	11(b)	**346,494**	451,331	481,408
Restricted cash	14	**35,677**	318,056	312,000
		22,174,693	21,454,078	18,891,800
Current assets				
Trade and other receivables	12(a)	**165,261**	91,311	74,485
Prepayments	12(b)	**111,491**	91,022	61,743
Financial assets at FVPL	13	**—**	146,975	289,176
Cash and cash equivalents	14	**1,033,353**	1,166,331	2,000,429
Restricted cash	14	**300,057**	12,043	91,874
		1,610,162	1,507,682	2,517,707
Assets classified as held for sale		**—**	—	482,839
		1,610,162	1,507,682	3,000,546
Total assets		**23,784,855**	22,961,760	21,892,346
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital and premium	15	**6,510,073**	6,442,389	6,460,307
Treasury shares	15	**(97,533)**	—	—
Other reserves	17	**(547,380)**	(408,724)	(497,328)
Retained earnings	16	**4,900,007**	4,880,762	4,625,857
		10,765,167	10,914,427	10,588,836
Non-controlling interests	34(b)	**819,725**	824,752	798,621
Total equity		**11,584,892**	11,739,179	11,387,457

Consolidated Balance Sheet

As at 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 Restated	As at 1 January 2019 RMB'000 Restated
LIABILITIES				
Non-current liabilities				
Borrowings	19	**6,211,033**	5,243,562	5,673,455
Long-term payables	22	**76,011**	77,656	89,029
Deferred income tax liabilities	10	**2,104,056**	1,998,186	1,751,100
Lease liabilities	7	**263,750**	294,259	342,924
Convertible bonds	20	**2,236,503**	996,259	—
		10,891,353	8,609,922	7,856,508
Current liabilities				
Trade and other payables	23	**360,504**	420,930	378,560
Current income tax liabilities		**30,569**	28,572	22,395
Borrowings	19	**889,922**	2,140,405	1,993,944
Lease liabilities	7	**14,811**	14,815	—
Contract liabilities	24	**12,804**	7,937	7,070
		1,308,610	2,612,659	2,401,969
Liabilities directly associated with assets classified as held for sale		**—**	—	246,412
		1,308,610	2,612,659	2,648,381
Total liabilities		**12,199,963**	11,222,581	10,504,889
Total equity and liabilities		**23,784,855**	22,961,760	21,892,346

The notes on pages 122 to 256 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 114 to 121 were approved by the board of directors on 30 March 2021 and the consolidated balance sheet was signed on its behalf by:

Li Shifa **Wu Guolin**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2020 RMB'000	 2019 RMB'000 Restated
Revenue	24	**798,637**	712,506
Cost of sales	27	**(180,380)**	(165,781)
Gross profit		**618,257**	546,725
Selling and marketing expenses	27	**(34,574)**	(33,931)
Administrative expenses	27	**(117,011)**	(108,198)
Net impairment losses on financial assets	3.1(b)	**(1,532)**	(1,349)
Other income	25	**27,439**	19,160
Fair value gains on investment properties — net	8	**678,559**	754,763
Fair value losses on convertible bonds — net	20	**(802,092)**	(37,732)
Other gains/(losses) — net	26	**429,043**	(133,918)
Operating profit		**798,089**	1,005,520
Finance income	29	**35,717**	29,306
Finance costs	29	**(488,302)**	(481,884)
Finance expenses — net	29	**(452,585)**	(452,578)
Share of profit of investments accounted for using the equity method	9	**9,920**	88,575
Profit before income tax		**355,424**	641,517
Income tax expense	30	**(288,804)**	(292,272)
Profit for the year		**66,620**	349,245
Profit for the year attributable to:			
Owners of the Company	16	**22,835**	257,192
Non-controlling interests		**43,785**	92,053
		66,620	349,245
Other comprehensive (loss)/income for the year, net of tax	17	**(132,167)**	73,897
Total comprehensive (loss)/income for the year		**(65,547)**	423,142

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 Restated
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(109,332)**	331,089
Non-controlling interests		**43,785**	92,053
		(65,547)	423,142
Earnings per share for profit attributable to owners of the Company (expressed in RMB)			
— Basic	31	**0.0070**	0.0795
— Diluted	31	**0.0070**	0.0795

The notes on pages 122 to 256 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

		Equity attributable to owners of the Company						
	Note	Share capital and premium RMB'000 (Note 15)	Treasury shares RMB'000 (Note 15)	Other reserves RMB'000 Restated (Note 17)	Retained earnings RMB'000 Restated (Note 16)	Total RMB'000 Restated	Non-controlling interests RMB'000 (Note 34(b))	Total equity RMB'000 Restated
Balance at 31 December 2019, restated		6,442,389	–	(408,724)	4,880,762	10,914,427	824,752	11,739,179
Comprehensive income								
Profit for the year		**–**	**–**	**–**	**22,835**	**22,835**	**43,785**	**66,620**
Other comprehensive income								
Currency translation differences		**–**	**–**	**(132,167)**	**–**	**(132,167)**	**–**	**(132,167)**
Total comprehensive income		**–**	**–**	**(132,167)**	**22,835**	**(109,332)**	**43,785**	**(65,547)**
Transactions with equity owners in their capacity as equity owners								
Dividends distribution to non-controlling interests	34(b)	**–**	**–**	**–**	**–**	**–**	**(48,812)**	**(48,812)**
Conversion of convertible bonds to ordinary shares	20	**49,549**	**–**	**–**	**–**	**49,549**	**–**	**49,549**
Repurchase of shares		**–**	**(97,533)**	**–**	**–**	**(97,533)**	**–**	**(97,533)**
Employees share option scheme		**–**						
– Exercise of share options	15, 17	**18,135**	**–**	**(10,079)**	**–**	**8,056**	**–**	**8,056**
Profit appropriation to statutory reserves	16, 17	**–**	**–**	**3,590**	**(3,590)**	**–**	**–**	**–**
Total transactions with equity owners in their capacity as equity owners		**67,684**	**(97,533)**	**(6,489)**	**(3,590)**	**(39,928)**	**(48,812)**	**(88,740)**
Balance at 31 December 2020		**6,510,073**	**(97,533)**	**(547,380)**	**4,900,007**	**10,765,167**	**819,725**	**11,584,892**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

		Equity attributable to owners of the Company						
	Note	Share capital and premium RMB'000 (Note 15)	Treasury shares RMB'000 (Note 15)	Other reserves RMB'000 Restated (Note 17)	Retained earnings RMB'000 Restated (Note 16)	Total RMB'000 Restated	Non-controlling interests RMB'000 (Note 34(b))	Total equity RMB'000 Restated
Balance at 31 December 2018		6,460,307	–	174,774	3,980,187	10,615,268	798,621	11,413,889
Change in accounting policy								
– IFRS 16		–	–	–	(26,432)	(26,432)	–	(26,432)
– Change of functional currency	2.1.1(c)	–	–	(672,102)	672,102	–	–	–
Balance at 1 January 2019, restated		6,460,307	–	(497,328)	4,625,857	10,588,836	798,621	11,387,457
Comprehensive income								
Profit for the year		–	–	–	257,192	257,192	92,053	349,245
Other comprehensive income								
Currency translation differences		–	–	73,897	–	73,897	–	73,897
Total comprehensive income		–	–	73,897	257,192	331,089	92,053	423,142
Transactions with equity owners in their capacity as equity owners								
Deemed contribution from non-controlling interests		–	–	16,720	–	16,720	(16,720)	–
Dividends distribution from non-controlling interests	34(b)	–	–	–	–	–	(49,202)	(49,202)
Repurchase of shares		–	(25,183)	–	–	(25,183)	–	(25,183)
Cancellation of shares		(25,183)	25,183	–	–	–	–	–
Employees share option scheme								
– Value of employee services	17, 18	–	–	(578)	–	(578)	–	(578)
– Exercise of share options	15, 17	7,265	–	(3,722)	–	3,543	–	3,543
Profit appropriation to statutory reserves	16, 17	–	–	2,287	(2,287)	–	–	–
Total transactions with equity owners in their capacity as equity owners		(17,918)	–	14,707	(2,287)	(5,498)	(65,922)	(71,420)
Balance at 31 December 2019, restated		6,442,389	–	(408,724)	4,880,762	10,914,427	824,752	11,739,179

The notes on pages 122 to 256 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 Restated
Cash flows from operating activities			
Cash generated from operations	33(a)	**560,225**	610,514
Interest received		**23,515**	23,293
Income tax paid		**(8,905)**	(15,679)
Net cash generated from operating activities		**574,835**	618,128
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(4,158)**	(18,610)
Acquisition of financial assets at FVPL	13	**(308,940)**	(126,307)
Additions of investment properties		**(1,602,071)**	(1,883,572)
Additions of intangible assets		**(259)**	(517)
Capital injection in associates	9	**(5,290)**	—
Payment of capital gain tax on disposal of subsidiaries	30	**(35,335)**	(11,907)
Proceeds from disposal of property, plant and equipment		**444**	—
Proceeds from disposal of subsidiaries	26(a)	**568,010**	324,666
Proceeds from disposal of financial assets at FVPL	13	**259,191**	222,264
Proceeds from disposal of an investment property	26(a)	**350,000**	—
Payment of relocation cost		**(6,000)**	—
Receipt of asset related government grants	21	**19,600**	10,000
Decrease/(Increase) in restricted cash	14	**15,865**	(22,657)
Receipt of advances to related parties	37(d)	**165,247**	—
Payment of advances to related parties	37(d)	**(17,600)**	(32,392)
Net cash used in investing activities		**(601,296)**	(1,539,032)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December **2020** **RMB'000**	 2019 RMB'000 Restated
Cash flows from financing activities			
(Increase)/Decrease in restricted cash	14	**(21,500)**	96,432
Proceeds from exercise of share options		**8,056**	3,543
Repurchase of ordinary shares	15	**(97,533)**	(25,183)
Payment of dividends distributed to non-controlling interests	34(b)	**(48,812)**	(49,202)
Payment of commission fees and other expenses related to issuance of senior notes	33(b)	**(8,003)**	(25,859)
Proceeds from borrowings	33(b)	**3,313,395**	2,945,982
Repayments of borrowings	33(b)	**(3,195,582)**	(3,212,703)
Payment of guarantee deposits for borrowings		**(4,400)**	—
Payment of interest of borrowings and lease liabilities	33(b)	**(623,415)**	(571,161)
Proceeds from issuance of convertible bonds	20, 33(b)	**657,025**	975,034
Payment of transaction cost of convertible bonds	33(b)	**(25,933)**	(11,685)
Payment of interest of convertible bonds	20, 33(b)	**(66,800)**	(34,608)
Principle element of lease payments	33(b)	**(13,567)**	(17,516)
Advances from a related party	37(d)	**82,391**	—
Repayment of advances from a related party	37(d)	**(59,096)**	—
Net cash (used in)/generated from financing activities		**(103,774)**	73,074
Net decrease in cash and cash equivalents		**(130,235)**	(847,830)
Cash and cash equivalents at beginning of year		**1,166,331**	2,000,429
Cash and cash equivalents classified as assets held for sale		**—**	11,900
Exchange (losses)/gains on cash and cash equivalents		**(2,743)**	1,832
Cash and cash equivalents at end of year	14	**1,033,353**	1,166,331

The notes on pages 122 to 256 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

1 General information of the Group

China Logistics Property Holdings Co., Ltd (the "Company") was incorporated on 12 November 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2013 Revision) of the Cayman Islands, as amended or re-enacted from time to time. The address of its registered office is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the leasing of storage facilities and the provision of related management services in the People's Republic of China (the "PRC").

The Company has its primary listing on The Stock Exchange of Hong Kong Limited on 15 July 2016.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the "Board") of the Company on 30 March 2021.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures

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

The following new standards, new amendments and interpretations to existing standards issued and relevant to the Group have been adopted by the Group for the first time for the financial year beginning on 1 January 2020:

Standards		Effective for annual periods beginning on or after
IAS 1 and IAS 8 (Amendments)	Definition of material	1 January 2020
IFRS 3 (Amendments)	Definition of a business	1 January 2020
Revised Conceptual Framework	Revised conceptual framework for financial reporting	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (Amendments)	Interest rate benchmark reform	1 January 2020
IFRS 16 (Amendments)	COVID-19-related rent concessions	1 June 2020 (i)

Apart from IFRS 16 (Amendments) which is disclosed as below, the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(i) The Group leases an office building from its associate — Shanghai Hongyu Logistics Co., Ltd. ("Shanghai Hongyu"). As a direct consequence of the COVID-19 pandemic, 2 months lease payments in the first quarter of 2020 have been waived by Shanghai Hongyu.

On application of the practical expedient in accordance with the amendments to IFRS 16, amounting to RMB2,785,000 (Note 27) of a reduction in lease payment have been recognized in the consolidated statement of comprehensive income for the year end of 31 December 2020 to reflect the changes in lease payments that arise from the rent concession.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) ***New standards, new amendments and interpretations to existing standards issued and relevant to the Group but not yet effective***

The following new standards and amendments and interpretations to existing standards have been issued and are relevant to the Group's operations but they are not yet effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group:

Standards		Effective for annual periods beginning on or after
IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 (Amendments)	Interest rate benchmark reform — phase 2	1 January 2021
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2022 (likely to be extended to 1 January 2023)
IAS 16 (Amendments)	Property, plant and equipment: proceeds before intended use	1 January 2022
IAS 37 (Amendments)	Onerous contracts — cost of fulfilling a contract	1 January 2022
IFRS 3 (Amendments)	Reference to the conceptual framework	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	IFRS 9, IFRS 16, IFRS 1, IAS 41	1 January 2022
IFRS 17	Insurance contracts	Originally 1 January 2021, but extended to 1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will apply the new standards, new amendments and interpretations described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards, new amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) Change in accounting policy in respect of the functional currency of the Company

In prior year, the directors have determined that the functional currency of the Company to be Renminbi ("RMB") because it has no activity of its own and therefore has the same functional currency as its major subsidiaries operating in Mainland China, whose functional currency is RMB.

However, during current year, the directors have revisited the accounting policy in respect of the functional currency of the Company and considered that it would be more appropriate to consider all of the primary and secondary indicators and determine its functional currency by the currency of its own dividend revenue, its own expenses and the currency of its own financing.

The Company itself had no sales or purchase, but incurred daily operating expenses mainly in Hong Kong Dollars ("HK$"). The Company has significant financing activities denominated in HK$ or United States Dollars("US$"), therefore, the directors have determined HK$ to be the Company's functional currency based on the circumstances of the Company alone as it better reflects the economic substance of the Company and its business activities as an investment holding company operating in Hong Kong. This is also the prevailing market practice in its industry.

This constitutes a voluntary change in accounting policy which needs to be applied retrospectively. The directors believe that such change will result in reliable and more relevant information about the effects of transactions, financial position, financial performance or cash flows of the Company whose activity is investment holding operated in Hong Kong with significant financing activities.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) Change in accounting policy in respect of the functional currency of the Company (continued)

The comparative information in these consolidated financial statements has been restated to reflect as if HK$ has always been the functional currency of the Company. The amounts of the adjustment for each affected financial statement line items for the current and prior periods are as follow:

Consolidated balance sheet (extract)	31 December 2019 Originally presented	Change	31 December 2019 Restated	1 January 2019 Originally presented	Change	1 January 2019 Restated
Other reserves	189,481	(598,205)	(408,724)	174,774	(672,102)	(497,328)
Retained earnings	4,282,557	598,205	4,880,762	3,953,755	672,102	4,625,857

Consolidated statement of comprehensive income (extract)	Year ended 31 December 2020 Before adjustment	Change	Year ended 31 December 2020 After adjustment	Year ended 31 December 2019 Originally presented	Change	Year ended 31 December 2019 Restated
Fair value gains on investment properties – net	**677,900**	**659**	**678,559**	746,215	8,548	754,763
Fair value losses on convertible bonds – net	**(699,567)**	**(102,525)**	**(802,092)**	(55,833)	18,101	(37,732)
Other gains/(losses) – net	**110,718**	**318,325**	**429,043**	13,242	(147,160)	(133,918)
Operating profit	**581,630**	**216,459**	**798,089**	1,126,031	(120,511)	1,005,520
Finance costs – net	**(368,293)**	**(84,292)**	**(452,585)**	(499,192)	46,614	(452,578)
Profit for the year	**(65,547)**	**132,167**	**66,620**	423,142	(73,897)	349,245
Other comprehensive income	**–**	**(132,167)**	**(132,167)**	–	73,897	73,897
Total comprehensive income	**(65,547)**	**–**	**(65,547)**	423,142	–	423,142
Earnings per share for profit attributable to owners of the Company (expressed in RMB)						
– Basic	**(0.0338)**		**0.0070**	0.1024		0.0795
– Diluted	**(0.0338)**		**0.0070**	0.1023		0.0795

2.2 Subsidiaries

2.2.1 Consolidation

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) Disposal of subsidiaries

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

2.2.2 Separate financial statements

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

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

Impairment testing is also carried out according to Note 2.9.

2.3 Associates

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

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

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statement of comprehensive income.

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

Gains or losses on dilution of equity interest in associates are recognized in the consolidated statement of comprehensive income.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Company changed its functional currency from RMB to HK$ (Note 2.1.1(b)). The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "Finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other gains/losses — net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a Functional Currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in OCI.

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment include vehicles and machineries, furniture, fittings and equipments and leasehold improvements and are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

— Vehicles and machineries	5–10 years
— Furniture, fittings and equipments	5 years
— Leasehold improvement	Shorter of lease term or useful life

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/losses — net" in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.7 Investment properties

Investment property, principally comprising leasehold land and logistic facilities, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow ("DCF") projections. Changes in fair values are recorded in the consolidated statement of comprehensive income as part of a valuation gain or loss in "Fair value gains on investment properties — net".

2.8 Intangible assets

Intangible assets include computer software licenses. Acquired computer software licenses are capitalized on the basis of the costs included to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 5 years.

2.9 Impairment of non-financial assets

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

2.10 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

2 Summary of significant accounting policies (continued)

2.10 Non-current assets (or disposal groups) held for sale (continued)

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.11 Investments and other financial assets

2.11.1 Classification

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

(a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and

(b) those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

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

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

2.11 Investments and other financial assets (continued)

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Debt instruments

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

(a) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other gains/losses — net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(b) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other gains/losses — net". Interest income from these financial assets is included in "Finance income" using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/losses — net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

(c) FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "Other gains/losses — net" in the period in which it arises.

2 Summary of significant accounting policies (continued)

2.11 Investments and other financial assets (continued)

2.11.3 Measurement (continued)

Equity instruments

The Group classified its equity instruments that are held for trading at FVPL. Dividends from such investments continue to be recognized in profit or loss as "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "Other gains/losses — net" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVPL are not reported separately from other changes in fair value.

2.11.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, incorporating the forward-looking information on macroeconomic factors affecting the ability of the debtors.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention consolidated to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 Summary of significant accounting policies (continued)

2.13 Trade receivables

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 2.11.4 for a description of the Group's impairment policies of trade receivables.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

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

2.16 Trade and other payables

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

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

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2 Summary of significant accounting policies (continued)

2.17 Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

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

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

All other borrowing costs are recognized in the consolidated statement of comprehensive income in the period in which they are incurred.

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

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

2.19 Convertible bonds

The convertible bonds issued by the Company include the following options:

- the bondholders have an option to convert into a variable number of equity instruments, other than into a fixed number of equity instruments at a fixed conversion price;
- the bondholders have redemption options upon occurrence of certain events (i.e. an option to require the Group to redeem in cash);
- the Company has redemption options upon occurrence of certain events.

2 Summary of significant accounting policies (continued)

2.19 Convertible bonds (continued)

The convertible bonds are regarded as financial instruments consisting of a liability and a derivative component. The convertible bonds including the embedded derivative as a whole are designated as financial liabilities at FVPL. The entire convertible bonds are initially and subsequently measured at fair value, with changes in fair value recognized in the condensed consolidated statement of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the convertible bonds designated as financial liabilities at fair value through profit or loss are recognized immediately in the condensed consolidated statement of comprehensive income.

The convertible bonds are classified as current unless the Company has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

2 Summary of significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Inside basis differences (continued)

The deferred tax liabilities in relation to investment properties that are measured at fair value are determined assuming the properties will be recovered entirely through sales.

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

Outside basis differences

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

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

(c) Offsetting

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

2.21 Employee benefits

(a) Pension obligations

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

2 Summary of significant accounting policies (continued)

2.21 Employee benefits (continued)

(a) Pension obligations (continued)

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.22 Government grants

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

Government grants relating to past expenses are recognized directly in the consolidated statement of comprehensive income.

Government grants relating to future costs are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2 Summary of significant accounting policies (continued)

2.22 Government grants (continued)

Government grants relating to assets are included in non-current liabilities as "Deferred income" and are credited to the consolidated statement of comprehensive income when, and only when, the conditions attaching to the government grant are met.

The recognition period of government grants are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.23 Share-based payments

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

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

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

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

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition

(a) Rental income

Rental income from investment property is recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

(b) Revenue from providing management services

The Group provides property management services to customers. Revenue derived from sales of services is recognized in the accounting period in which the services are rendered (ie. over time), and assessed on the basis of actual services provided to the end of the reporting period as a proportion of the total service to be provided.

2.25 Interest income

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the consolidated statement of comprehensive income.

2.26 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 Summary of significant accounting policies (continued)

2.27 Dividend distribution

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

2.28 Leases

The Group leases office buildings. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

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

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

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

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

- the amount of the initial measurement of lease liability; and

- any lease payments made at or before the commencement date.

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

2 Summary of significant accounting policies (continued)

2.28 Leases (continued)

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group leases office buildings from its associate — Shanghai Hongyu Logistics Co., Ltd. ("Shanghai Hongyu"). Extension option is included in the lease contract which is exercisable only by the Group and not by Shanghai Hongyu, to extend the lease term at market rents. The Group is reasonably certain to exercise that option for an extension on the lease term of 10 years.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have been included in the lease liabilities because it is reasonably certain that the leases will be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (Note 2.24). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) **Market risk**

(i) ***Foreign exchange risk***

The Company

The Company's functional currency is HK$.

The Company's exposure to foreign exchange risk is mainly on its financing and investing activities (i.e. quasi-equity loans and loans to subsidiaries and amounts due to subsidiaries) denominated in RMB. In the opinion of the directors, US$ is reasonably stable under the Linked Exchange Rate System with HK$ and the transactions denominated in US$ are not significant. Accordingly, the Company does not have any significant foreign exchange risk from US$ dominated transactions.

The Company has not hedged its foreign exchange rate risk. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the mainland China government.

Exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in HK$, was as follows:

	31 December 2020 RMB denominated HK$'000	31 December 2019 RMB denominated HK$'000
Cash and cash equivalents	**101**	77,689
Quasi-equity loans to subsidiaries	**—**	6,778,752
Loans to subsidiaries	**959,508**	1,681,772
Amounts due to subsidiaries	**(1,719,271)**	(1,162,785)

Sensitivity

At 31 December 2020, if HK$ had weakened/strengthened by 5% against RMB with all other variables held constant, the Company's profit before tax for the year ended 31 December 2020 would have been decreased/increased by approximately HK$37,983,000 (31 December 2019: increased/decreased by HK$360,196,000), mainly as a result of foreign exchange gains/losses on translation of RMB denominated quasi-equity loans and loans to subsidiaries and RMB denominated amounts due to subsidiaries.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Subsidiaries of the Group

The Group's subsidiaries' functional currency is RMB.

The Group's subsidiaries' exposure to foreign exchange risk is mainly on its cash and cash equivalents and its investing activities (i.e., investments in financial assets at FVPL) denominated in US$ and HK$.

The Group's subsidiaries have not hedged their foreign exchange rate risk. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the mainland China government.

Exposure

The Group's subsidiaries' exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	31 December 2020		31 December 2019	
	US$ denominated RMB'000	**HK$ denominated RMB'000**	US$ denominated RMB'000	HK$ denominated RMB'000
Cash and cash equivalents (Note 14)	**66,702**	**4,673**	80,849	158,142
Financial assets at FVPL (Note 13)	**312,539**	**—**	—	—

Sensitivity

At 31 December 2020, if RMB had weakened/strengthened by 5% against HK$ and US$ with all other variables held constant, the Group's subsidiaries' profit before tax for the year ended 31 December 2020 would have been increased/decreased by approximately RMB19,196,000 (31 December 2019: RMB11,950,000), mainly as a result of foreign exchange gains/losses on translation of HK$ and US$ denominated cash and cash equivalents, US$ denominated financial assets at FVPL.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain stability of its borrowings in fixed rate instruments. The Group has not used any derivative to hedge its exposure to interest rate risks.

At 31 December 2020, if average interest rate on the Group's certain borrowings, which bear floating rates, had been 50 basis point higher/lower, profit before tax for the year ended 31 December 2020 would have been decreased/increased by approximately RMB18,168,000 (31 December 2019:RMB13,211,000).

(b) Credit risk

(i) Risk management

Credit risk arises from cash and cash equivalents, restricted cash, trade and other receivables and financial assets at FVPL. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage the risk with respect to cash and cash equivalents and restricted cash, bank deposits are placed with highly reputable financial institutions. As at 31 December 2020, most of the cash and cash equivalents and restricted cash are placed with major financial institutions in mainland China and Hong Kong.

Most of the Group's lease and service income are settled in cash by its customers. The Group generally requires customers to pay a certain amount of deposits when rental contracts are signed. The Group performs credit assessment on customers before granting credit limits to customers and credit risks in connection with trade receivables are monitored on an on-going basis.

As disclosed in Note 13, financial assets at FVPL refers to the Group's investment in an exempted limited partnership fund, with its investment portfolio of land use right and buildings located in Shanghai, PRC. The Group closely monitors to ensure no impairment exposure for such investment. The directors consider the credit risk to be low taking into account the financial positions of and past experience with the counter parties and no history of default payment is noted.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For other receivables, the impairment provision were determined as the 12 months expected credit loss, as there was no significant increase of credit risk since the initial recognition.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade and other receivables:

31 December 2020	Not due RMB'000	Within 90 days RMB'000	91 days to 180 days RMB'000	181 days to 365 days RMB'000	Over 365 days RMB'000	Total RMB'000
Trade receivables (Notes 12(a))						
Gross carrying amount	28,917	34,691	17,218	777	1,141	82,744
Expected loss rate	–	0.67%	2.44%	40.80%	100.00%	–
Loss allowance	–	234	420	317	1,141	2,112
Other receivables (Notes 12(a))						
Gross carrying amount	107,824	545	–	–	9,800	118,169
Expected loss rate	–	–	–	–	67.57%	–
Loss allowance	–	–	–	–	6,622	6,622

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

31 December 2019	Not due RMB'000	Within 90 days RMB'000	91 days to 180 days RMB'000	181 days to 365 days RMB'000	Over 365 days RMB'000	Total RMB'000
Trade receivables (Notes 12(a))						
Gross carrying amount	17,166	9,395	261	424	448	27,694
Expected loss rate	–	0.24%	2.68%	26.18%	100.00%	–
Loss allowance	–	23	7	111	448	589
Other receivables (Notes 12(a))						
Gross carrying amount	77,994	–	–	–	10,000	87,994
Expected loss rate	–	–	–	–	66.22%	–
Loss allowance	–	–	–	–	6,622	6,622

The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	As at 31 December 2020 RMB'000	2019 RMB'000
Opening loss allowance at 1 January	**7,211**	5,862
Increase in loss allowance recognized in profit or loss during the year	**1,532**	1,349
Receivables written off during the year as uncollectible	**(9)**	–
Closing loss allowance at 31 December	**8,734**	7,211

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and summarized by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements — for example, currency restrictions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts tabulated below are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020					
Borrowings and interest	**1,296,917**	**2,354,462**	**2,274,282**	**3,069,244**	**8,994,905**
Trade and other payables (excluding non-financial liabilities)	**290,177**	**—**	**—**	**—**	**290,177**
Long-term payables	**—**	**35,515**	**34,328**	**6,168**	**76,011**
Lease liabilities	**15,319**	**52,643**	**157,928**	**118,446**	**344,336**
Convertible bonds (i)	**107,515**	**107,515**	**1,772,474**	**—**	**1,987,504**
	1,709,928	**2,550,135**	**4,239,012**	**3,193,858**	**11,692,933**
At 31 December 2019					
Borrowings and interest	2,580,260	2,154,461	2,136,611	1,842,196	8,713,528
Trade and other payables (excluding non-financial liabilities)	342,550	—	—	—	342,550
Long-term payables	—	44,928	28,251	4,477	77,656
Lease liabilities	15,319	52,644	157,928	171,089	396,980
Convertible bonds (i)	69,044	69,044	1,166,053	—	1,304,141
	3,007,173	2,321,077	3,488,843	2,017,762	10,834,855

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(i) As disclosed in Note 20, the Company issued HK$ denominated convertible bonds (the "2019 Convertible Bonds") in the principal amount of HK$1,109,000,000 (approximately, RMB975,034,000). The 2019 Convertible Bonds will mature on 26 June 2024, unless earlier redeemed, converted or purchased and cancelled in accordance with the terms thereof. The 2019 Convertible Bonds bear interest at a rate of 6.95% per annum payable semi-annually.

The Company issued HK$ denominated convertible bonds (the "2020 Convertible Bonds") in the principal amount of HK$775,050,000 (approximately, RMB657,025,000). The 2020 Convertible Bonds will mature on 23 November 2025 (the "Maturity Date"), unless earlier redeemed, converted or purchased and cancelled in accordance with the terms thereof. The 2020 Convertible Bonds bear interest at a rate of 6.95% per annum payable semi-annually.

The maturity analysis in the above table assumes no conversion and redemption of the convertible bonds before their maturity dates.

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the aggregate of total borrowings, convertible bonds and lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as total equity as shown in the consolidated balance sheet, plus net debt.

3 Financial risk management (continued)

3.2 Capital management (continued)

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Total borrowings (Note 19)	**7,100,955**	7,383,967
Add: convertible bonds (Note 20)	**2,236,503**	996,259
lease liabilities (Note 7)	**278,561**	309,074
Less: cash and cash equivalents (Note 14)	**(1,033,353)**	(1,166,331)
restricted cash (Note 14)	**(335,734)**	(330,099)
Net debt	**8,246,932**	7,192,870
Total equity	**11,584,892**	11,739,179
Gearing ratio	**41.6%**	38.0%

The increase of gearing ratio during the year is a result of the increase of net debt due to repayment of borrowings, issuance of convertible bonds, decrease of lease liabilities and repurchase of shares.

3.3 Fair value estimation

The table below analyses the Group's financial instruments and investment properties carried at fair value as at 31 December 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020 and 2019.

As at 31 December 2020	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL	–	–	312,539	312,539
Investment properties	–	–	20,289,000	20,289,000
	–	–	20,601,539	20,601,539
Liabilities				
Convertible bonds	–	–	2,236,503	2,236,503

As at 31 December 2019	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL	–	–	258,948	258,948
Investment properties	–	–	19,399,000	19,399,000
	–	–	19,657,948	19,657,948
Liabilities				
Convertible bonds	–	–	996,259	996,259

There were no transfers among levels of the fair value hierarchy during the year.

3.4 Fair value measurements using significant unobservable inputs (Level 3)

Investment Properties

See Note 8 for disclosures of the investment properties that are measured at fair value.

Convertible bonds

See Note 20 for disclosures of the convertible bonds that are measured at fair value.

Financial assets at FVPL

See Note 13 for disclosures of financial assets at FVPL that are measured at fair value.

3 Financial risk management (continued)

3.5 Financial instruments by category

	Financial assets at amortized cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
31 December 2020			
Assets as per balance sheet			
Financial assets at FVPL	—	312,539	312,539
Trade and other receivables	165,261	—	165,261
Cash and cash equivalents	1,033,353	—	1,033,353
Restricted cash	335,734	—	335,734
Long-term trade and other receivables	26,918	—	26,918
	1,561,266	312,539	1,873,805

	Financial liabilities at amortized cost RMB'000	Financial liabilities at FVPL RMB'000	Total RMB'000
31 December 2020			
Liabilities as per balance sheet			
Borrowings	7,100,955	—	7,100,955
Trade and other payables excluding non-financial liabilities	290,177	—	290,177
Long-term payables	76,011	—	76,011
Lease liabilities	278,561	—	278,561
Convertible bonds	—	2,236,503	2,236,503
	7,745,704	2,236,503	9,982,207

3 Financial risk management (continued)

3.5 Financial instruments by category (continued)

	Financial assets at amortized cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
31 December 2019			
Assets as per balance sheet			
Financial assets at FVPL	—	258,948	258,948
Trade and other receivables	91,311	—	91,311
Cash and cash equivalents	1,166,331	—	1,166,331
Restricted cash	330,099	—	330,099
Long-term trade and other receivables	17,166	—	17,166
	1,604,907	258,948	1,863,855

	Financial liabilities at amortized cost RMB'000	Financial liabilities at FVPL RMB'000	Total RMB'000
31 December 2019			
Liabilities as per balance sheet			
Borrowings	7,383,967	—	7,383,967
Trade and other payables excluding non-financial liabilities	342,550	—	342,550
Long-term payables	77,656	—	77,656
Lease liabilities	309,074	—	309,074
Convertible bonds	—	996,259	996,259
	8,113,247	996,259	9,109,506

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of investment properties

Investment properties are stated at fair values based on the valuations performed by independent professional valuers. In determining the fair values, the valuers have based on valuation methods which involve certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. 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 fair value gains or losses reported in the consolidated statement of comprehensive income. Details of the judgment and assumptions to reach fair value of investment properties have been disclosed in Note 8.

(b) Fair value of convertible bonds

As disclosed in Note 20, the fair values of the convertible bonds were determined based on valuations performed by an independent valuer, using valuation techniques. The valuer adopted the Black-Scholes model framework and Multi-Assets Monte Carlo Simulation to determine the fair values of the convertible bonds. In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's convertible bonds and the corresponding adjustments to the amount of fair value gains or losses reported in the consolidated statements of comprehensive income. Details of the judgment and assumptions to reach fair value of the convertible bonds have been disclosed in Note 20.

(c) Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5 Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group's project subsidiaries ("Project Companies") established in different locations in the PRC engage in business activities from which they earn revenues and incur expenses, and have discrete financial information. Therefore these Project Companies are identified as different operating segments of the Group. Nevertheless, these Project Companies have been aggregated into one reporting segment, taking into consideration the below factors: the Project Companies have similar economic characteristics and regulatory environment, with all revenue and operating profits from the same business of leasing storage facilities and providing related management services derived within the PRC; the Group as a whole, has unified internal organizational structure, management system and internal report system; and the Board allocates resources and evaluates performance of the operating segments in aggregation from Group consolidated level. Therefore all Project Companies have been aggregated into one reporting segment.

The operating segments derive their revenue primarily from the rental income generated from lease of logistics facilities and provision of related management services.

No geographical segment information is presented as all the revenue and operating profits of the Group are derived within PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customer A represented 29.2% of the Group's total revenue for the year ended 31 December 2020 (31 December 2019: customer A represented 29.4%).

For the year ended 31 December 2020
(All amounts in RMB unless otherwise stated)

6 Property, plant and equipment

	Vehicles and machineries RMB'000	Furniture, fittings and equipments RMB'000	Leasehold improvement RMB'000	Total RMB'000
Year ended 31 December 2019				
Opening net book amount	1,470	4,913	121,849	128,232
Additions	88	154	17,216	17,458
Disposals	—	(3)	—	(3)
Depreciation charge (Note 27)	(460)	(1,565)	(14,396)	(16,421)
Closing net book amount	1,098	3,499	124,669	129,266
At 31 December 2019				
Cost	3,156	10,339	144,429	157,924
Accumulated depreciation	(2,058)	(6,840)	(19,760)	(28,658)
Net book amount	1,098	3,499	124,669	129,266
Year ended 31 December 2020				
Opening net book amount	**1,098**	**3,499**	**124,669**	**129,266**
Additions	**3,453**	**227**	**—**	**3,680**
Disposals	**(68)**	**(195)**	**—**	**(263)**
Depreciation charge (Note 27)	**(686)**	**(1,137)**	**(15,288)**	**(17,111)**
Closing net book amount	**3,797**	**2,394**	**109,381**	**115,572**
At 31 December 2020				
Cost	**5,222**	**9,980**	**144,429**	**159,631**
Accumulated depreciation	**(1,425)**	**(7,586)**	**(35,048)**	**(44,059)**
Net book amount	**3,797**	**2,394**	**109,381**	**115,572**

7 Leases

(a) Amounts recognized in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**178,424**	239,051
Lease liabilities (Note 37(f))		
Current	**14,811**	14,815
Non-current	**263,750**	294,259
	278,561	309,074

There were no additions to the right-of-use assets during the 2020 financial year.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**239,051**	307,681
Depreciation charges (Note 27)	**(28,976)**	(33,263)
Reassessment of extension options (i)	**(31,651)**	(35,367)
At end of the year	**178,424**	239,051

(i) Extension options

As described in Note 2.28, the Group leases office buildings from Shanghai Hongyu. Extension option is included in the lease contract which is exercisable only by the Group and not by Shanghai Hongyu, to extend the lease term at market rents annually for 10 years up to 31 March 2028. The Group is reasonably certain to exercise that option for an extension on the lease term and potential future cash outflows have been included in the lease liabilities as at 1 January 2019 upon the adoption of IFRS 16 "Leases".

7 Leases (continued)

(b) Amounts recognized in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 27)		
— Buildings	**28,976**	33,263
Interest expense (included in finance cost) (Note 29)	**17,850**	19,622
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 27)	**2,889**	2,671

The total cash outflow for leases in 2020 was RMB13,927,000 (2019: RMB18,105,000) (Note 33(b)).

8 Investment properties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
At fair value		
At beginning of the year	**19,399,000**	17,039,000
Capitalized subsequent expenditure on completed investment properties	**177,044**	295,450
Capitalized expenditure on investment properties under construction	**1,516,397**	1,653,261
Disposal of subsidiaries (Note 26(a))	**(1,140,000)**	(343,474)
Other disposal (Note 26(b))	**(342,000)**	—
Net gains from fair value adjustment	**678,559**	754,763
At end of the year	**20,289,000**	19,399,000

During the year ended 31 December 2020, the Group has capitalized borrowing costs amounting to RMB138,747,000 (31 December 2019: RMB142,885,000) on investment properties under construction (Note 29). Borrowing costs were capitalized at the weighted average rate of its general borrowings of 6.5% (31 December 2019: 6.6%).

At 31 December 2020, investment properties of the Group with a total fair value amounting to RMB18,261,000,000 (31 December 2019: RMB15,517,000,000) were pledged as collateral mortgaged for bank borrowings (Note 19).

As at this report date, the title certificates of certain investment properties with a total fair value of RMB1,177,000,000 are under application process.

Valuations of the Group's investment properties were performed by an independent professional valuer, Colliers International (Hong Kong) Limited ("Colliers"), to determine the fair values of the investment properties as at 31 December 2020 and 2019. The revaluation gains or losses are included in "Fair value gains on investment properties — net" in the consolidated statement of comprehensive income.

The valuations were derived primarily using the DCF method with projections based on significant unobservable inputs including market rents, rental growth rates, capitalization rates and discount rates, etc.; and the Term and Reversion ("T&R") analysis by capitalising the net rental income derived from the existing tenancies with allowance onto the reversionary interests of the properties (by making reference to comparable market rental transactions), with significant unobservable inputs including term/reversionary yields. In addition, for investment properties under construction or leasehold land held for future developing of investment properties as at the measurement dates, the outstanding costs to complete the properties in accordance with the underlying design scheme have been considered. The unobservable inputs include those for DCF method and/or the T&R analysis, plus the outstanding costs to complete, expected completion dates and the developer's profit margin.

8 Investment properties (continued)

There were no changes in the valuation techniques adopted during the year.

The below table analyses the investment properties carried at fair value, by different valuation methods.

	Fair value measurements at 31 December 2020 using			
Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurements				
Investment properties:				
— Logistics facilities — completed	–	–	18,140,000	18,140,000
— Logistics facilities — under construction	–	–	942,000	942,000
— Logistics facilities — leasehold land held for future development	–	–	1,207,000	1,207,000
	–	–	20,289,000	20,289,000

8 Investment properties (continued)

	Fair value measurements at 31 December 2019 using			
Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurements				
Investment properties:				
— Logistics facilities — completed	—	—	17,186,000	17,186,000
— Logistics facilities — under construction	—	—	983,000	983,000
— Logistics facilities — leasehold land held for future development	—	—	1,230,000	1,230,000
	—	—	19,399,000	19,399,000

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

8 Investment properties (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
At beginning of the year	**19,399,000**	17,039,000
Additions	**1,693,441**	1,948,711
Disposal of subsidiaries (Note 26(a))	**(1,140,000)**	(343,474)
Other disposal (Note 26(b))	**(342,000)**	—
Net gains from fair value adjustment	**678,559**	754,763
At end of the year	**20,289,000**	19,399,000
Change in unrealized gains or losses for the year included in the consolidated statement of comprehensive income for assets held at the end of the year, under "Fair value gains on investment properties — net"	**678,559**	754,763

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental income (Note 24)	**550,008**	546,001
Direct operating expenses from properties that generated rental income	**(164,746)**	(148,031)
Direct operating expenses from properties that did not generate rental income	**(1,598)**	(1,835)
Fair value gains recognized	**678,559**	754,763

8 Investment properties (continued)

Valuation processes of the Group

The fair values of the Group's investment properties at 31 December 2020 and 2019 were based on valuations performed by independent professional valuer — Colliers, who holds recognized relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to Senior Vice President of finance department. Discussions of valuation processes and results are held between Senior Vice President of finance department, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

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

8 Investment properties (continued)

Valuation techniques

For completed logistics facilities, the valuation was determined primarily using DCF method and T&R analysis, with projections based on significant unobservable inputs. These inputs include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing leases, other contracts and external evidences such as current market rents for similar properties.
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.
Capitalization rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date.
Term/reversionary yields	Based on actual location, size and quality of the properties and taking into account market data and the status of the existing tenancies at the valuation date.

For logistics facilities which are still under construction or leasehold land held for future development, the valuation was based on the same valuation methods but would take into account additionally the following estimates (in addition to the inputs noted above):

Costs to complete	These are largely consistent with internal budgets developed by the Group's finance department, based on management's experience and knowledge of market conditions.
Completion dates	Properties under construction or leasehold land held for future development require approvals or permits from oversight bodies at various points in the development process, including approvals or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.
The developer's profit margin	Based on actual location, size and quality of the properties and taking into account market data and the completion status of the properties at the valuation date.

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

8 Investment properties (continued)

Information about fair values measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2020 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – completed	18,140,000	DCF Method/ T&R Analysis	Market rent	RMB17–RMB57 per month per square meter (RMB37 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	7.75%–9% (8.38%)	The higher the discount rate, the lower the fair value and vice versa
			Term yield	5%–6.85% (5.93%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary yield	5.5%–7.1% (6.3%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5%–6.25% (5.63%)	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	4%–5% (4.5%)	The higher the terminal rent growth rate, the higher the fair value and vice versa
Logistics facilities – under construction	942,000	DCF Method/ T&R Analysis with consideration of outstanding costs of development	Market rent	RMB22–RMB26 per month per square meter (RMB24.15 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	8.5%–9% (8.75%)	The higher the discount rate, the lower the fair value and vice versa
			Reversionary yield	6.6%–7.1% (6.85%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5.75%–6.25% (6%)	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	4%	The higher the rent growth rate, the higher the fair value and vice versa
			Estimated costs to complete	RMB37,548,429–RMB275,192,477	The higher the estimated costs, the lower the fair value and vice versa

8 Investment properties (continued)

Information about fair values measurements using significant unobservable inputs (Level 3) (continued)

Description	Fair value at 31 December 2020 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability — weighted average)	Relationship of unobservable inputs to fair value
			Estimated developer's profit margin	0%–10% (5%)	The higher the estimated profit margin, the lower the fair value and vice versa
Logistics facilities — leasehold land held for future development	1,207,000	DCF Method/ T&R Analysis with consideration of outstanding costs of development	Market rent	RMB37–RMB42 per month per square meter (RMB39.3 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	8%	The higher the discount rate, the lower the fair value and vice versa
			Reversionary Yield	5.9%	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5.25%	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	5%	The higher the rent growth rate, the higher the fair value and vice versa
			Estimated costs to complete	RMB184,350,173–RMB291,564,943	The higher the estimated costs, the lower the fair value and vice versa
			Estimated developer's profit margin	5%	The higher the estimated profit margin, the lower the fair value and vice versa

8 Investment properties (continued)

Information about fair values measurements using significant unobservable inputs (Level 3) (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – completed	17,186,000	DCF Method/ T&R Analysis	Market rent	RMB17–RMB54 per month per square meter (RMB35.5 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	7.75%–9.25% (8.5%)	The higher the discount rate, the lower the fair value and vice versa
			Term yield	5.0%–7.1% (6.05%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary yield	5.5%–7.3% (6.4%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5%–6.5% (5.75%)	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	4%–5% (4.5%)	The higher the terminal rent growth rate, the higher the fair value and vice versa
Logistics facilities – under construction	983,000	DCF Method/ T&R Analysis with consideration of outstanding costs of development	Market rent	RMB23–RMB28 per month per square meter (RMB25.5 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	8.5%–9% (8.75%)	The higher the discount rate, the lower the fair value and vice versa
			Reversionary yield	6.6%–7.1% (6.85%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5.75%–6.25% (6%)	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	4%	The higher the rent growth rate, the higher the fair value and vice versa
			Estimated costs to complete	RMB231,627,083–RMB489,395,101	The higher the estimated costs, the lower the fair value and vice versa
			Estimated developer's profit margin	1%–10% (5.5%)	The higher the estimated profit margin, the lower the fair value and vice versa

8 Investment properties (continued)

Information about fair values measurements using significant unobservable inputs (Level 3) (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – leasehold land held for future development	1,230,000	DCF Method/ T&R Analysis with consideration of outstanding costs of development	Market rent	RMB23–RMB41 per month per square meter (RMB32 per month per square meter)	The higher the market rent, the higher the fair value and vice versa
			Discount rate	8%–8.5% (8.25%)	The higher the discount rate, the lower the fair value and vice versa
			Reversionary Yield	5.9%–7.1% (6.5%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal capitalization rate	5.25%–6% (5.63%)	The higher the capitalization rate, the lower the fair value and vice versa
			Terminal rental growth rate	4%–5% (4.5%)	The higher the rent growth rate, the higher the fair value and vice versa
			Estimated costs to complete	RMB142,800,000– RMB291,564,943	The higher the estimated costs, the lower the fair value and vice versa
			Estimated developer's profit margin	5%–10% (7.5%)	The higher the estimated profit margin, the lower the fair value and vice versa

There are inter-relationships between unobservable inputs. For example, expected long-term vacancy rate may impact the net capitalization rate in deriving the terminal value in the DCF analysis. For investment properties under construction or leasehold land held for future development, increase in construction costs that enhance the properties' features may result in an increase of the expected rental values.

9 Investments accounted for using the equity method

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Beginning of the year	**787,374**	550,556
Fair value of the remaining shares in the associates	**66,786**	148,243
Capital injection in associates	**5,290**	—
Share of post-tax profits of associates	**9,920**	88,575
End of the year	**869,370**	787,374

Investments in associates

The associates as listed below have share capital consisting solely of ordinary shares, held directly by the Group.

Nature of investments in associates as at 31 December 2020:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Shanghai Hongyu (a)	Shanghai/PRC	41%	Associate	Equity
Yupei Logistics Property Management 10 Co., Ltd ("Management 10") (b)	BVI	30%	Associate	Equity
Yupei Logistics Property Management 15 Co., Ltd ("Management 15") (c)	BVI	30%	Associate	Equity
Yupei Logistics Property Management 12 Co., Ltd ("Management 12") (d)	BVI	10%*	Associate	Equity
Yupei Tianjin Logistics Property Management Co., Ltd ("Tianjin Management") (e)	BVI	10%*	Associate	Equity

9 Investments accounted for using the equity method (continued)

Investment in associates (continued)

* Although the percentage of the voting rights held by the Group is less than 20%, one of the three directors of the board of directors of Management 12 and Tianjin Management are nominated by the Group; thereby the Group is able to exercise significant influence over Management 12 and Tianjin Management, and accordingly they are accounted for as associates of the Group.

(a) Shanghai Hongyu was established by Yupei Anhui Logistics Property Development Co., Ltd., subsidiary of the Group, and external third parties, Shanghai Xingchao Investment Management Co., Ltd. and Shanghai Tianzhuo Investment Management Co., Ltd. in March 2015. Its major operation is logistics facility leasing and provision of related management services.

(b) The Group sold 70% shares in Management 10 in June 2019. After the disposal transaction, Management 10 became an associate of the Group. The major operation of Management 10 is leasing and provision of related management services through its 100% holding subsidiary, Kunshan Yuzai Warehousing Co., Ltd. ("Kunshan Yuzai").

(c) The Group sold 70% shares in Management 15 in June 2019. After the disposal transaction, Management 15 became an associate of the Group. The major operation of Management 15 is leasing and provision of related management services through its 100% holding subsidiary, Nanjing Yupei Warehousing Co., Ltd. ("Nanjing Yupei").

(d) As disclosed in Note 26(a), the Group sold 90% shares in Management 12 in May 2020. After the disposal transaction, Management 12 became an associate of the Group. The major operation of Management 12 is leasing and provision of related management services through its 100% holding subsidiary, Huizhou Yuanwang Technology Park Development Co., Ltd ("Huizhou Yuanwang").

(e) As disclosed in Note 26(a), the Group sold 90% shares in Tianjin Management in June 2020. After the disposal transaction, Tianjin Management became an associate of the Group. The major operation of Tianjin Management is leasing and provision of related management services through its 100% holding subsidiary, Tianjin Yupei Logistics Co., Ltd ("Tianjin Yupei Logistics").

There were no contingent liabilities relating to the Group's interest in its associates as at 31 December 2020 and 2019.

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates

(a) Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Shanghai Hongyu, which is accounted for using the equity method.

Summarized balance sheet of Shanghai Hongyu

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Cash and cash equivalents	2,366	15,669
Other current assets	97,640	17,746
Total current assets	100,006	33,415
Non-current assets	2,661,001	2,624,034
Current liabilities		
Financial liabilities (excluding trade payables)	(30,000)	(49,800)
Other current liabilities	(64,331)	(184,326)
Total current liabilities	(94,331)	(234,126)
Non-current liabilities		
Financial liabilities (excluding trade payables)	(768,912)	(546,563)
Other non-current liabilities	(436,329)	(422,228)
Total non-current liabilities	(1,205,241)	(968,791)
Net assets	1,461,435	1,454,532

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(a) **Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Shanghai Hongyu, which is accounted for using the equity method. (continued)**

Summarized statement of comprehensive income of Shanghai Hongyu

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**35,230**	41,552
Cost of sales	**(5,950)**	(1,523)
Administrative and selling expenses	**(221)**	(1,790)
Finance expenses — net	**(65,666)**	(42,484)
Other gains — net	**20,609**	32
Fair value gains on investment properties — net	**37,000**	161,033
Profit before income tax	**21,002**	156,820
Income tax expense	**(14,099)**	(45,107)
Post-tax profit for the year	**6,903**	111,713
Other comprehensive income	**—**	—
Total comprehensive income for the year	**6,903**	111,713

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(b) Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Management 10, which is accounted for using the equity method.

Summarized consolidated balance sheet of Management 10

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Cash and cash equivalents	7,791	5,623
Other current assets	26,242	12,684
Total current assets	34,033	18,307
Non-current assets	595,893	604,357
Current liabilities		
Financial liabilities (excluding trade payables)	(8,000)	(4,000)
Other current liabilities	(20,082)	(21,949)
Total current liabilities	(28,082)	(25,949)
Non-current liabilities		
Financial liabilities (excluding trade payables)	(239,172)	(246,468)
Other non-current liabilities	(64,660)	(61,987)
Total non-current liabilities	(303,832)	(308,455)
Net assets	298,012	288,260

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(b) Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Management 10, which is accounted for using the equity method. (continued)

Summarized consolidated statement of comprehensive income of Management 10

	Year ended 31 December 2020 RMB'000	Period from 5 June 2019 to 31 December 2019 RMB'000
Revenue	**26,386**	11,369
Cost of sales	**(5,328)**	(2,639)
Administrative and selling expenses	**(9,843)**	(122)
Finance expenses — net	**(13,510)**	(8,471)
Other losses — net	**(401)**	—
Fair value gains on investment properties — net	**5,644**	86,989
Profit before income tax	**2,948**	87,126
Income tax expense	**(543)**	(21,839)
Post-tax profit for the period	**2,405**	65,287
Other comprehensive income	**—**	—
Total comprehensive income for the period	**2,405**	65,287

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(c) Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Management 15, which is accounted for using the equity method.

Summarized consolidated balance sheet of Management 15

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Cash and cash equivalents	**868**	43,805
Other current assets	**16,760**	13,055
Total current assets	**17,628**	56,860
Total non-current assets	**594,916**	548,272
Current liabilities		
Financial liabilities (excluding trade payables)	**(20,000)**	(14,000)
Other current liabilities	**(27,072)**	(14,202)
Total current liabilities	**(47,072)**	(28,202)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(171,000)**	(191,000)
Other non-current liabilities	**(37,006)**	(37,471)
Total non-current liabilities	**(208,006)**	(228,471)
Net assets	**357,466**	348,459

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(c) **Set out below is summarized financial information as at 31 December 2020 and for the year of 2020 for Management 15, which is accounted for using the equity method. (continued)**

Summarized consolidated statement of comprehensive income of Management 15

	Year ended 31 December 2020 RMB'000	Period from 14 June 2019 to 31 December 2019 RMB'000
Revenue	**1,456**	—
Cost of sales	**(1,515)**	(9)
Administrative and selling expenses	**(3,202)**	(79)
Finance (expenses)/income — net	**(11,136)**	90
Fair value gains on investment properties — net	**12,469**	103,059
Profit before income tax	**(1,928)**	103,061
Income tax expense	**648**	(25,771)
Post-tax profit for the period	**(1,280)**	77,290
Other comprehensive income	**—**	—
Total comprehensive income for the period	**(1,280)**	77,290

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(d) **Set out below is summarized financial information as at 31 December 2020 and for the period from the disposal date of 27 May 2020 to 31 December 2020 for Management 12, which is accounted for using the equity method.**

Summarized consolidated balance sheet of Management 12

	As at 31 December 2020 RMB'000
Current assets	
Cash and cash equivalents	9,416
Other current assets	3,628
Total current assets	13,044
Total non-current assets	681,721
Current liabilities	
Financial liabilities (excluding trade payables)	(2,188)
Other current liabilities	(7,956)
Total current liabilities	(10,144)
Non-current liabilities	
Financial liabilities (excluding trade payables)	(216,578)
Other non-current liabilities	(86,750)
Total non-current liabilities	(303,328)
Net assets	381,293

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(d) Set out below is summarized financial information as at 31 December 2020 and for the period from the disposal date of 27 May 2020 to 31 December 2020 for Management 12, which is accounted for using the equity method. (continued)

Summarized consolidated statement of comprehensive income of Management 12

	Period from 27 May 2020 to 31 December 2020 RMB'000
Revenue	18,189
Cost of sales	(3,992)
Administrative and selling expenses	(1,372)
Finance expenses — net	(11,066)
Other gains — net	28
Fair value gains on investment properties — net	35,400
Profit before income tax	37,187
Income tax expense	(10,013)
Post-tax profit for the period	27,174
Other comprehensive income	—
Total comprehensive income for the period	27,174

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(e) Set out below is summarized financial information as at 31 December 2020 and for the period from the disposal date of 2 June 2020 to 31 December 2020 for Tianjin Management, which is accounted for using the equity method.

Summarized consolidated balance sheet of Tianjin Management

	As at 31 December 2020 RMB'000
Current assets	
Cash and cash equivalents	22,145
Other current assets	11,896
Total current assets	34,041
Total non-current assets	616,296
Current liabilities	
Financial liabilities (excluding trade payables)	(2,050)
Other current liabilities	(10,902)
Total current liabilities	(12,952)
Non-current liabilities	
Financial liabilities (excluding trade payables)	(202,983)
Other non-current liabilities	(80,320)
Total non-current liabilities	(283,303)
Net assets	354,082

9 Investments accounted for using the equity method (continued)

Summarized financial information for associates (continued)

(e) **Set out below is summarized financial information as at 31 December 2020 and for the period from the disposal date of 2 June 2020 to 31 December 2020 for Tianjin Management, which is accounted for using the equity method. (continued)**

Summarized consolidated statement of comprehensive income of Tianjin Management

	Period from 2 June 2020 to 31 December 2020 RMB'000
Revenue	23,968
Cost of sales	(2,774)
Administrative and selling expenses	(1,365)
Finance expenses — net	(8,095)
Other gains — net	1
Fair value gains on investment properties — net	41,339
Profit before income tax	53,074
Income tax expense	(12,730)
Post-tax profit for the period	40,344
Other comprehensive income	—
Total comprehensive income for the period	40,344

9 Investments accounted for using the equity method (continued)

Reconciliation of summarized financial information

	Year ended 31 December 2020			Period from disposal dates to 31 December 2020	
	Shanghai Hongyu RMB'000	Management 10 RMB'000	Management 15 RMB'000	Management 12 RMB'000	Management Tianjin RMB'000
Net assets at beginning of the year/period	1,454,532	288,260	348,459	–	–
Fair values of the net assets on the dates becoming associates of the Group	–	–	–	354,119	313,738
Capital injections by shareholders	–	7,347	10,287	–	–
Profit/(loss) for the year/period	6,903	2,405	(1,280)	27,174	40,344
Net assets at end of the year/period	1,461,435	298,012	357,466	381,293	354,082
Percentage held	41%	30%	30%	10%	10%
Interest in associates	599,188	89,404	107,240	38,129	35,408
Carrying value	599,188	89,404	107,240	38,129	35,408

	Year ended 31 December 2019	Period from disposal dates to 31 December 2019	
	Shanghai Hongyu RMB'000	Management 10 RMB'000	Management 15 RMB'000
Net assets at beginning of the year/period	1,342,819	–	–
Fair values of the net assets on the dates becoming associates of the Group	–	222,973	271,169
Profit for the year/period	111,713	65,287	77,290
Net assets at end of the year/period	1,454,532	288,260	348,459
Percentage held	41%	30%	30%
Interest in associates	596,358	86,478	104,538
Carrying value	596,358	86,478	104,538

10 Deferred income tax

The analysis of deferred tax liabilities is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred tax liabilities:		
— Deferred tax liability to be recovered after more than 12 months	**(2,103,557)**	(1,997,720)
— Deferred tax liability to be recovered within 12 months	**(499)**	(466)
	(2,104,056)	(1,998,186)

The gross movements on the deferred income liabilities are as follows:

	Deferred tax liabilities RMB'000
At 31 December 2018	(1,759,911)
Change in accounting policy – IFRS 16	8,811
At 1 January 2019	(1,751,100)
Charged to the consolidated statement of comprehensive income (Note 30)	(259,749)
Disposal of subsidiaries (Note 26(a))	12,663
At 31 December 2019	**(1,998,186)**
Charged to the consolidated statement of comprehensive income (Note 30)	**(242,798)**
Disposal of subsidiaries (Note 26(a))	**136,928**
At end of the year	**(2,104,056)**

10 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Share-based payment RMB'000	Tax losses RMB'000	Impairment losses RMB'000	Leases RMB'000	Total RMB'000
At 31 December 2018	5,687	49,435	1,465	—	56,587
Change in accounting policy — IFRS 16	—	—	—	8,811	8,811
At 1 January 2019	5,687	49,435	1,465	8,811	65,398
Credited/(Charged) to the consolidated statement of comprehensive income (Note 30)	**(2,264)**	**5,784**	**338**	**9,043**	**12,901**
At 31 December 2019	**3,423**	**55,219**	**1,803**	**17,854**	**78,299**
(Charged)/Credited to the consolidated statement of comprehensive income (Note 30)	**(2,519)**	**(11,346)**	**380**	**7,528**	**(5,957)**
At 31 December 2020	**904**	**43,873**	**2,183**	**25,382**	**72,342**

10 Deferred income tax (continued)

Deferred tax liabilities	Government grant RMB'000	Leasing income on straight-lined basis RMB'000	Fair value gains on investment properties RMB'000	Guarantee fees to issuance of commercial mortgage backed securities RMB'000	Total RMB'000
At 1 January 2019	(24,582)	(3,713)	(1,788,203)	—	(1,816,498)
Charged to the consolidated statement of comprehensive income (Note 30)	(1,559)	(1,044)	(270,047)	—	(272,650)
Classified as liabilities held for sale	—	—	(37,586)	—	(37,586)
Disposal of subsidiaries (Note 26(a))	—	—	50,249	—	50,249
At 31 December 2019	(26,141)	(4,757)	(2,045,587)	—	(2,076,485)
At 1 January 2020	**(26,141)**	**(4,757)**	**(2,045,587)**	**—**	**(2,076,485)**
Charged to the consolidated statement of comprehensive income (Note 30)	**(1,545)**	**(1,388)**	**(228,369)**	**(5,539)**	**(236,841)**
Disposal of subsidiaries (Note 26(a))	**—**	**—**	**136,928**	**—**	**136,928**
At 31 December 2020	**(27,686)**	**(6,145)**	**(2,137,028)**	**(5,539)**	**(2,176,398)**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets of RMB39,774,000 (2019: RMB49,052,000) in respect of losses amounting to RMB159,095,000 (2019: RMB196,207,000) that can be carried forward against future taxable income. Losses amounting to RMB21,532,000, RMB22,534,000, RMB28,708,000, RMB36,857,000 and RMB49,464,000 will expire in 2021, 2022, 2023, 2024 and 2025, respectively (2019: Losses amounting RMB45,719,000, RMB35,730,000, RMB30,175,000, RMB35,158,000 and RMB49,426,000 will expire in 2020, 2021, 2022, 2023 and 2024, respectively.) Tax losses amounting to RMB18,489,000 (2019: RMB8,941,000) was expired in year 2020.

The Group did not recognize deferred tax liability on accumulated undistributed profit of its subsidiaries as at 31 December 2020 and 2019, because the subsidiaries do not intend to distribute dividend in foreseeable future.

11 Long-term trade and other receivables and long-term prepayments

(a) Long-term trade and other receivables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Long-term trade receivables		
Rental income receivables from third parties	**44,949**	21,111
Rental income receivables from related parties (Note 37(f))	**33,455**	6,583
Less: current portion of rental income receivables (Note 12(a))	**(55,824)**	(10,528)
	22,580	17,166
Long-term other receivables		
Long-term interest receivables for repurchased ABN	**4,338**	—
	26,918	17,166

(b) Long-term prepayments

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Prepaid taxes other than income tax	**231,528**	206,571
Prepayment for construction costs	**100,408**	230,093
Long-term prepaid expenses	**14,558**	14,667
	346,494	451,331

12 Trade and other receivables and prepayments

(a) Trade and other receivables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables		
Rental income receivables from third parties (i)	**24,483**	8,638
Rental income receivables from related parties (i)	**31,341**	1,890
	55,824	10,528
Other receivables		
Other receivables for land use rights and other deposits (ii)	**44,954**	38,304
Other receivables due from related parties (Note 37(f))	**27,198**	34,449
Other receivables for relocation compensation (Note 26(b))	**36,029**	—
Other receivables for unpaid consideration for disposal of subsidiaries	**7,200**	12,217
Other receivables due from other third parties	**2,790**	3,024
	118,171	87,994
Less: Loss allowance for trade receivables (Note 3.1(b))	**(2,112)**	(589)
Loss allowance for other receivables (Note 3.1(b))	**(6,622)**	(6,622)
	(8,734)	(7,211)
	165,261	91,311

(i) As at 31 December 2020, trade receivables of RMB21,513,000 (31 December 2019: RMB852,000) (Note 19) were pledged as collateral for the bank borrowings.

(ii) As at 31 December 2020, guarantee deposits of RMB4,400,000 (31 December 2019: Nil) (Note 19) were paid to certain other financial institution as collateral for borrowings.

As at 31 December 2020 and 2019, the fair value of the current portion of trade and other receivables of the Group approximated their carrying amounts. As at 31 December 2020 and 2019, all the carrying amounts of trade and other receivables were denominated in RMB.

12 Trade and other receivables and prepayments (continued)

(a) Trade and other receivables (continued)

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on the dates that the Group was entitled to collect the rental income, was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 30 days	19,153	8,171
31 to 90 days	17,535	1,224
91 to 365 days	17,995	685
Over 365 days	1,141	448
	55,824	10,528

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. This resulted in an increase of the loss allowance on both 31 December 2019 and 2020. Information about the calculation of the allowance, the impairment of trade and other receivables and the Group's exposure to credit risk can be found in Note 3.1(b).

(b) Prepayments

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current portion of prepaid taxes other than income tax	87,677	73,455
Prepaid interests of ABN	11,733	—
Prepayments for utilities	9,881	15,641
Prepaid income taxes	2,200	1,926
	111,491	91,022

13 Financial assets at FVPL

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
Current	**–**	146,975
Non-current	**312,539**	111,973
	312,539	258,948
At beginning of the year	**258,948**	347,513
Additions	**308,940**	126,307
Net fair value changes recognized in profit or loss (Note 26)	**3,020**	(6,440)
Currency translation differences	**822**	13,832
Settlements	**(259,191)**	(222,264)
At end of the year	**312,539**	258,948

(a) As at 31 December 2019, financial assets at FVPL are HK$ denominated promissory notes issued by a third party with principal amount of HK$145,000,000 and US$ denominated promissory notes issued by a third party with principal amount of US$18,500,000. As at 31 December 2019, the maturity dates of US$18,500,000 and HK$ 20,000,000 are within 1 year, while the maturity dates of HK$125,000,000 is beyond 1 year.

In April 2020, the Group early redeemed all these promissory notes with a loss of RMB579,000.

(b) As at 31 December 2020, financial assets at FVPL refer to the Group's investment in Perfect Bliss Investment Fund LP ("Perfect Bliss Fund"), an exempted limited partnership.

Pursuant to the exempted limited partnership agreement, the Group subscribed for, via its wholly-owned subsidiary, a limited partnership interest in Perfect Bliss Fund with a total investment amount of US$45,032,000 (equivalent to approximately RMB308,940,000), representing 26.28% of interest in the total capital contribution of Perfect Bliss Fund of US$171,377,000. The Group, via its wholly-owned subsidiary, also subscribed for 30% equity interests of New Bliss International Limited, the general partner of Perfect Bliss Fund.

As at 31 December 2020, the investment portfolio of Perfect Bliss Fund mainly referred to the land use right and the existing industrial buildings located in Shanghai, PRC, which was owned by the wholly-owned subsidiary of Perfect Bliss Fund.

13 Financial assets at FVPL (continued)

Perfect Bliss Fund has a term of 10 years, unless earlier termination determined by the general partner in accordance with the terms in the partnership agreement.

The fair value of financial assets at FVPL as at 31 December 2020 was determined based on the net asset value of the underlying investment portfolio of Perfect Bliss Fund, mainly comprising investment properties and other current assets and liabilities. The investment properties are carried at fair value, based on the valuations performed by a professional valuer, by using the DCF method with projections based on significant unobservable inputs including the outstanding costs to complete the properties, market rents, rental growth rates, capitalization rates and discount rates, etc. The fair values of the remaining current assets and liabilities equal their carrying amounts.

14 Cash and cash equivalents and restricted cash

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at bank and on hand	**1,369,087**	1,496,430
Less: Restricted cash		
— Current (i)	**(300,057)**	(12,043)
— Non-current (ii)	**(35,677)**	(318,056)
Cash and cash equivalents	**1,033,353**	1,166,331

(i) As at 31 December 2020, restricted deposits of RMB57,000 (31 December 2019: RMB5,043,000) were held at bank for construction deposits and restricted deposits of RMB300,000,000 (31 December 2019: RMB7,000,000) were held at bank as collaterals for the current portion of long-term bank borrowing (Note 19).

(ii) As at 31 December 2020, restricted deposits of RMB5,051,000 (31 December 2019: RMB10,016,000) were held at bank for construction deposits, restricted deposits of RMB2,126,000 (31 December 2019: RMB8,040,000) were held at bank for construction worker labor fee and restricted deposits of RMB28,500,000 (31 December 2019: RMB300,000,000) were held at bank as collaterals for the long-term bank borrowings (Note 19).

14 Cash and cash equivalents and restricted cash (continued)

Cash at bank and on hand are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**1,157,297**	1,243,750
US$	**9,417**	85,319
HK$	**202,373**	167,361
	1,369,087	1,496,430

15 Share capital and premium

(a) Authorized shares

	Number of authorized shares
At 1 January 2019 and 31 December 2019	8,000,000,000
At 1 January 2020 and 31 December 2020	8,000,000,000

15 Share capital and premium (continued)

(b) Issued shares

	Number of issued shares	Ordinary shares RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2019	3,245,277,999	1,325	—	6,458,982	6,460,307
Employee share option scheme					
— Exercise of options (Note 18)	2,491,000	1	—	7,264	7,265
Repurchase of shares (i)	—	—	(25,183)	—	(25,183)
Cancellation of shares (i)	(13,576,000)	(6)	25,183	(25,177)	—
At 31 December 2019	3,234,192,999	1,320	—	6,441,069	6,442,389
At 1 January 2020	**3,234,192,999**	**1,320**	**—**	**6,441,069**	**6,442,389**
Employee share option scheme					
— Exercise of options (Note 18)	**5,670,000**	**2**	**—**	**18,133**	**18,135**
Repurchase of shares (ii)	**—**	**—**	**(97,533)**	**—**	**(97,533)**
Conversion of the convertible bonds (Note 20)	**14,420,059**	**6**	**—**	**49,543**	**49,549**
At 31 December 2020	**3,254,283,058**	**1,328**	**(97,533)**	**6,508,745**	**6,412,540**

(i) The Company repurchased 13,576,000 ordinary shares of its own through The Stock Exchange of Hong Kong Limited from 17 January 2019 to 25 January 2019. The total amount paid to repurchase the shares was RMB25,183,000 and has been deducted from shareholders' equity. The Company cancelled the shares on 8 February 2019. The amount of share capital and share premium was deducted accordingly.

(ii) Pursuant to the 2020 share award scheme approved by the Board on 31 March 2020, the Company may, from time to time, at its absolute discretion, select and grant share awards to selected participant which are to be satisfied by the new shares to be subscribed or the existing shares purchased by the Core Trust Company Ltd. (the "Trustee") under the agreement that the Company and the Trustee entered into on 31 March 2020. As of 31 December 2020, The Trustee, on behalf of the Company, has repurchased 36,513,000 ordinary shares with total amount of RMB97,533,000.

16 Retained earnings

	RMB'000
At 31 December 2018	3,980,187
Change in accounting policy — IFRS 16	(26,432)
Change in accounting policy — change of functional currency (Note 2.1.1(c))	672,102
At 1 January 2019, restated	4,625,857
Profit for the year	257,192
Appropriation to statutory reserves (Note 17)	(2,287)
At 31 December 2019	**4,880,762**
Profit for the year	**22,835**
Appropriation to statutory reserves (Note 17)	**(3,590)**
At 31 December 2020	**4,900,007**

17 Other reserves

	Reorganization reserve RMB'000	Statutory reserves RMB'000	Share-based payments RMB'000	Deemed contribution from equity holders RMB'000	Currency translation differences RMB'000 Restated	Total RMB'000 Restated
At 31 December 2018	10,461	6,430	17,991	139,716	176	174,774
Change in accounting policy — change of functional currency (Note 2.1.1(c))	–	–	–	–	(672,102)	(672,102)
At 1 January 2019, restated	10,461	6,430	17,991	139,716	(671,926)	(497,328)
Employee share option scheme						
— Value of employee service (Note 18)	–	–	(578)	–	–	(578)
— Exercise of share options	–	–	(3,722)	–	–	(3,722)
Appropriation to statutory reserves (Note 16) (i)	–	2,287	–	–	–	2,287
Currency translation differences	–	–	–	–	73,897	73,897
Deemed contribution from non-controlling interests	–	–	–	16,720	–	16,720
At 31 December 2019, restated	10,461	8,717	13,691	156,436	(598,029)	(408,724)
At 31 December 2019, restated	**10,461**	**8,717**	**13,691**	**156,436**	**(598,029)**	**(408,724)**
Employee share option scheme						
— Exercise of share options	**–**	**–**	**(10,079)**	**–**	**–**	**(10,079)**
Appropriation to statutory reserves (Note 16) (i)	**–**	**3,590**	**–**	**–**	**–**	**3,590**
Currency translation differences	**–**	**–**	**–**	**–**	**(132,167)**	**(132,167)**
At 31 December 2020	**10,461**	**12,307**	**3,612**	**156,436**	**(730,196)**	**(547,380)**

17 Other reserves (continued)

(i) Pursuant to the Company Law of the PRC and the articles of association of certain PRC subsidiaries, the subsidiaries in the PRC are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory surplus reserve until the fund aggregates to 50% of their registered capital; after the appropriation to statutory surplus reserve, the subsidiaries in the PRC can appropriate profit, subject to respective equity holders' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to equity holders. These reserves shall only be used to make up for previous years' losses, to expand operations, or to increase the capital of the respective companies. The entities in the PRC may transfer their respective statutory surplus reserves into paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

18 Share-based payments

On 10 March 2016, the Company adopted a share option scheme whereby the Board can grant options for the subscription of the Company's shares to the directors, employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group.

Pursuant to the share option scheme, the Company granted options to subscribe for an aggregate of 989 shares on 21 March 2016 and 28 March 2016 to certain directors and employees, which was subsequently automatically adjusted to 15,824,000 shares upon the 16,000-for-1 share subdivision on 15 July 2016. The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These options vest in tranches over a period of up to 3 years.

The options are exercisable during the following periods, during which the employees should remain in the Group's employment.

(i) 30% on the first anniversary of Listing;

(ii) 30% on the second anniversary of Listing;

(iii) 40% on the third anniversary of Listing.

18 Share-based payments (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December			
	2020		2019	
	Average exercise price in HK$ per share	Number of options	Average exercise price in HK$ per share	Number of options
As at 1 January	**1.625**	**7,542,200**	1.625	11,096,200
Exercised (Note 15)	**1.625**	**(5,670,000)**	1.625	(2,491,000)
Forfeited during the year	**1.625**	**—**	1.625	(1,063,000)
As at 31 December	**1.625**	**1,872,200**	1.625	7,542,200

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in HK$ per share	Number of options as at 31 December	
			2020	2019
21 March 2016	21 March 2021	1.625	**200**	4,947,200
28 March 2016	28 March 2021	1.625	**1,872,000**	2,595,000
			1,872,200	7,542,200

The total fair value, which was determined by using Binomial model, of the options granted under the share option scheme as at the grant date is approximately HK$33,708,000 (equivalent to RMB28,087,000).

18 Share-based payments (continued)

	Granted on 21 March 2016 and 28 March 2016
Exercise price	HK$1.625
Expected volatility	47.62%
Expected dividend yield	0.00%
Risk free rate	0.90%

The expected volatility is determined by calculating the historical volatility of the price of listed companies with businesses similar to the Group. The expected dividend yield is determined by the directors based on the expected future performance and dividend policy of the Group.

The share option expenses credited to the consolidated statement of comprehensive income during the year ended 31 December 2019 was HK$645,000, equivalent to RMB578,000 (Note 28).

19 Borrowings

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Long-term bank borrowings		
— secured by assets (a)	**3,321,126**	4,075,632
— secured by assets and equity interest of certain subsidiaries (b)	**1,387,676**	—
— secured by equity interest of certain subsidiaries (c)	**—**	50,000
Senior notes		
— secured by guarantees and pledges provided by certain subsidiaries (e)	**1,066,083**	2,790,063
Long-term borrowings from other financial institutions		
— secured by assets and equity interests of certain subsidiaries (f)	**350,070**	—
Asset-backed medium-term notes ("ABN")		
— secured by assets (g)	**448,160**	448,272
Commercial mortgage backed securities ("CMBS")		
— secured by assets (h)	**477,840**	—
	7,050,955	7,363,967
Less: Long-term bank borrowings due within one year	**(675,074)**	(446,404)
Long-term borrowings from other financial institutions due within one year	**(72,521)**	—
Senior notes due within one year	**(91,912)**	(1,673,447)
ABN due within one year	**(415)**	(554)
	6,211,033	5,243,562

19 Borrowings (continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current		
Short-term bank borrowings		
— unsecured (d)	**50,000**	20,000
Current portion of long-term bank borrowings		
— secured by assets (a)	**544,378**	446,404
— secured by assets and equity interest of certain subsidiaries (b)	**130,696**	—
Current portion of senior notes		
— secured by guarantees and pledges provided by certain subsidiaries (e)	**91,912**	1,673,447
Current portion of long-term borrowings from other financial institutions		
— secured by assets and equity interests of certain subsidiaries (f)	**72,521**	—
Current portion of ABN		
— secured by assets (g)	**415**	554
	889,922	2,140,405
Total borrowings	**7,100,955**	7,383,967

19 Borrowings (continued)

(a) As at 31 December 2020, bank borrowings of RMB2,217,349,000 (31 December 2019: RMB3,514,085,000) with undrawn borrowings amounting to RMB717,978,000 (31 December 2019: RMB376,500,000) were secured by the investment properties of the Group amounting to RMB8,723,000,000 (31 December 2019: RMB13,029,000,000) (Note 8).

As at 31 December 2020, bank borrowings of RMB298,320,000 (31 December 2019: RMB298,620,000) were secured by restricted deposits of the Group amounting to RMB300,000,000 (31 December 2019: RMB300,000,000) (Note 14).

As at 31 December 2020, bank borrowings of RMB487,647,000 (31 December 2019: RMB190,661,000) with undrawn borrowing amounting to RMB11,500,000 (31 December 2019: Nil) were secured by the investment properties of the Group amounting to RMB1,562,000,000 (31 December 2019: RMB684,000,000) (Note 8), trade receivables amounting to RMB10,313,000 (31 December 2019: RMB370,000) (Note 12), and the rental income generated from the lease of the investment properties during the terms of the borrowings (31 December 2019: secured by the rental income).

As at 31 December 2020, bank borrowings of RMB253,654,000 (31 December 2019: RMB72,266,000) were secured by the investment properties of the Group amounting to RMB715,000,000 (31 December 2019: RMB341,000,000) (Note 8), trade receivables amounting to RMB352,000 (31 December 2019: RMB300,000) (Note 12), the rental income generated from the lease of the investment properties during the terms of the borrowings (31 December 2019: secured by the rental income), and restricted deposits of the Group amounting to RMB20,000,000 (31 December 2019: RMB7,000,000) (Note 14).

As at 31 December 2020, bank borrowings of RMB64,156,000 (31 December 2019: Nil) were secured by the investment properties of the Group amounting to RMB508,000,000 (31 December 2019: Nil) (Note 8) and restricted deposits of the Group amounting to RMB8,500,000 (31 December 2019: Nil) (Note 14).

(b) As at 31 December 2020, bank borrowing of RMB913,473,000 (31 December 2019: Nil) was secured by the investment properties of the Group amounting to RMB2,001,000,000 (31 December 2019: Nil) (Note 8) and the Group's equity interests in certain subsidiaries (31 December 2019: Nil).

As at 31 December 2020, bank borrowings of RMB474,203,000 (31 December 2019: Nil) with undrawn borrowing amount to RMB29,200,000 (31 December 2019: Nil) were secured by the investment properties of the Group amounting to RMB1,311,000,000 (31 December 2019: Nil) (Note 8), trade receivables amounting to RMB685,000 (31 December 2019: Nil) (Note 12), the rental income generated from the lease of the investment properties during the terms of the borrowings (31 December 2019: Nil), and the Group's equity interests in certain subsidiaries (31 December 2019: Nil).

(c) As at 31 December 2019, bank borrowings of RMB50,000,000 were secured by the Group's equity interests in certain subsidiaries. The bank borrowings were repaid in 2020.

19 Borrowings (continued)

(d) As at 31 December 2020, bank borrowings of RMB50,000,000 (31 December 2019: RMB20,000,000) were unsecured.

(e) On 8 August 2017, 14 September 2017 and 28 December 2017, the Company issued US$ denominated senior fixed rate notes (the “2017 Notes”) in the principal amount of US$100,000,000 respectively, and the aggregate amount of which was US$300,000,000 in total, with the mature date of 8 August 2020, unless earlier redeemed in accordance with the terms thereof. The 2017 Notes bear interest at a rate of 8% per annum payable semi-annually.

On 5 September 2019, the Company announced to offer to exchange the 2017 Notes for the new notes issued by the Company upon the terms and subject to the conditions set forth in the exchange offer and consent solicitation memorandum (the “2019 Exchange Offer”). The 2019 Exchange Offer was completed on 25 September 2019, with an aggregate principal amount of US$162,475,000 of exchange notes (the “2019 Exchange Notes”) issued by the Company. The 2019 Exchange Notes is secured by guarantees provided by certain subsidiaries of the Group. The 2019 Exchange Notes will mature on 25 September 2021, unless earlier redeemed in accordance with the terms thereof, with an interest rate of 8.75% per annum payable semi-annually.

On 5 November 2020, the Company further announced to offer to exchange the 2019 Exchange Notes for the new notes issued by the Company upon the terms and subject to the conditions set forth in the exchange offer and consent solicitation memorandum (the “2020 Exchange Offer”). The 2020 Exchange Offer was completed on 18 November 2020, with an aggregate principal amount of US$150,000,000 of new exchange notes (the “2020 Exchange Notes”) issued by the Company. The 2020 Exchange Notes is secured by guarantees provided by certain subsidiaries of the Group. The 2020 Exchange Notes will mature on 18 November 2022, unless earlier redeemed in accordance with the terms thereof, with an interest rate of 8.75% per annum payable semi-annually.

On 8 August 2020, the Company redeemed the remaining principal of 2017 Notes in the amount of US$139,200,000.

On 30 November 2018, the Company issued US$ denominated senior fixed rate notes (the “2018 November Notes”) in the principal amount of US$104,000,000. The 2018 November Notes is secured by guarantees and pledges provided by certain subsidiaries of the Group. The 2018 November Notes will mature on 30 November 2020, unless earlier redeemed in accordance with the terms thereof, with an interest rate of 10.5% per annum payable semi-annually.

On 30 November 2020, the Company redeemed the 2018 November Notes.

19 Borrowings (continued)

(f) As at 31 December 2020, borrowings from other financial institutions of RMB350,070,000 (31 December 2019: Nil) were secured by the investment properties of the Group amounting to RMB874,000,000 (31 December 2019: Nil) (Note 8), trade receivables amounting to RMB4,698,000 (31 December 2019: Nil) (Note 12), the rental income generated from the lease of the investment properties during the terms of the borrowings, guarantee deposits amounting to RMB4,400,000 (31 December 2019: Nil) (Note 12), and the Group's equity interests in certain subsidiaries (31 December 2019: Nil).

(g) On 24 June 2019, the Company's subsidiary — Shanghai Yupei Group Co., Ltd. ("Shanghai Yupei") issued ABN in the principal amount of RMB650,000,000, among which RMB200,000,000 were repurchased by Shanghai Yupei. The borrowers of the ABN are 2 project subsidiaries of the Group with their investment properties amounting to RMB1,497,000,000 (31 December 2019: RMB1,463,000,000) (Note 8), trade receivables amounting to RMB888,000 (31 December 2019: RMB182,000) (Note 12), as well as the rental income generated from the lease of the investment properties during the terms of ABN pledged as collaterals for the ABN (31 December 2019: secured by the rental income). Shanghai Yupei and the Company also provided guarantees for the ABN. The ABN will mature on 24 June 2037, unless earlier redeemed in accordance with the terms thereof. The ABN bear interest from and including 24 June 2019 at a rate of 7.3% per annum, and both principal and interest are payable quarterly.

19 Borrowings (continued)

(h) On 7 August 2020, the Company's subsidiary — Shanghai Yupei issued CMBS in the principal amount of RMB530,000,000, among which RMB30,000,000 were repurchased by Shanghai Yupei. The borrowers of the CMBS are 2 project subsidiaries of the Group with their investment properties amounting to RMB1,070,000,000 (31 December 2019: Nil) (Note 8), trade receivables amounting to RMB4,577,000 (31 December 2019: Nil) (Note 12), rental income generated from the lease of the investment properties during the terms of CMBS pledged as collaterals for the CMBS (31 December 2019: Nil). Shanghai Yupei and the Company also provided guarantees for the CMBS. The CMBS will mature on 4 May 2038 unless earlier redeemed in accordance with the terms thereof. The CMBS bear interest at a rate of 4.15% per annum, and both principal and interest are payable quarterly.

The fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of borrowings with similar credit risk within level 3 of the fair value hierarchy.

At 31 December 2020 and 2019, the carrying amounts of the Group's borrowings were denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**5,923,949**	4,593,904
US$	**1,177,006**	2,790,063
	7,100,955	7,383,967

19 Borrowings (continued)

The Group has the following undrawn borrowing facilities:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Floating rate:		
— Expiring over one year	**717,978**	376,500
	717,978	376,500
Fixed rate:		
— Expiring over one year	**40,700**	—
	758,678	376,500

These undrawn borrowing facilities are secured by the Group's investment properties as disclosed above.

These facilities have been arranged to help finance the construction of investment properties.

As at 31 December 2020 and 2019, the Group's borrowing were repayable as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**889,922**	2,140,405
Between 1 and 2 years	**2,009,408**	1,820,148
Between 2 and 5 years	**1,713,998**	1,684,444
Over 5 years	**2,487,627**	1,738,970
	7,100,955	7,383,967

As at 31 December 2020, borrowings of RMB3,467,344,000 (31 December 2019: RMB4,741,862,000) bear fixed interest rates and the remaining borrowings bear floating interest rates.

19 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
6 months or less	**1,413,302**	1,537,434
6 to 12 months	**2,713,174**	2,696,923
1 to 5 years	**2,030,558**	2,256,211
Over 5 years	**943,921**	893,399
	7,100,955	7,383,967

The Group's weighted average interest rate on borrowings at the balance sheet date were as follows:

	As at 31 December	
	2020	2019
RMB	**5.9%**	6.0%
US$	**11.2%**	10.1%

20 Convertible bonds

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
At 1 January	**996,259**	—
Issuance (i)	**657,025**	975,034
Conversion (ii)	**(49,549)**	—
Payment of interest	**(66,800)**	(34,608)
Currency translation differences	**(102,524)**	18,101
Fair value change	**802,092**	37,732
At 31 December	**2,236,503**	996,259

(i) On 26 June 2019, the Company issued HK$ denominated convertible bonds (the "2019 Convertible Bonds") in the principal amount of HK$1,109,000,000. The 2019 Convertible Bonds are secured by guarantees provided by certain subsidiaries of the Group. The 2019 Convertible Bonds will mature on 26 June 2024, unless earlier redeemed, converted or purchased and cancelled in accordance with the terms thereof. The 2019 Convertible Bonds bear interest at a rate of 6.95% per annum payable semi-annually in arrears on 26 June and 26 December of each year, commencing on 26 December 2019.

Berkeley Asset Holding Ltd ("Berkeley Asset"), a substantial shareholder of the Company and wholly-owned by RRJ Capital Master Fund II, L.P., subscribed HK$589,000,000 of principal amount of the 2019 Convertible Bonds on the issue date of the 2019 Convertible Bonds (Note 37(c)).

On 23 November 2020, the Company issued HK$ denominated convertible bonds (the "2020 Convertible Bonds") in the principal amount of HK$775,050,000. The 2020 Convertible Bonds are secured by guarantees provided by certain subsidiaries of the Group. The 2020 Convertible Bonds will mature on 23 November 2025, unless earlier redeemed, converted or purchased and cancelled in accordance with the terms thereof. The 2020 Convertible Bonds bear interest at a rate of 6.95% per annum payable semi-annually in arrears on 23 May and 23 November of each year, commencing on 23 May 2021.

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

20 Convertible bonds (continued)

(ii) During the year ended 31 December 2020, part of the 2019 Convertible Bonds were converted into 14,420,059 ordinary shares of the Company at the conversion price of HK$3.19. The total amount of share capital and premium increased was RMB49,549,000 (Note 15(b)), which was based on the fair values of the 2019 Convertible Bonds converted at each conversion dates.

The Group has designated the 2020 and 2019 Convertible Bonds as financial liabilities at fair value through profit or loss. The 2020 and 2019 Convertible Bonds are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statement of comprehensive income in the period in which they arise.

The valuations for the fair values of the 2020 and 2019 Convertible Bonds at 31 December 2020 and 2019 were carried out by an independent external valuer.

The valuer adopted the Black-Scholes model framework and Multi-Assets Monte Carlo Simulation to determine the fair values of the 2020 and 2019 Convertible Bonds. The key inputs used in the valuation methods are listed as below:

	As at 31 December		
	2020		2019
	2019 Convertible Bonds	2020 Convertible Bonds	2019 Convertible Bonds
Conversion price	HK$3.19	HK$3.19	HK$3.19
Stock price	HK$4.54	HK$4.54	HK$3.03
Stock price volatility	34.18%	35.35%	37.73%
The average volume-weighted average price ("VWAP")	HK$4.43	HK$4.43	HK$3.00
VWAP volatility	30.53%	32.54%	34.70%
Coupon rate	6.95%	6.95%	6.95%
Effective interest rate	35.62%	35.34%	18.76%
Expected dividend yield	0.00%	0.00%	0.00%
Risk free rate	0.38%	0.47%	1.98%

The fair value of the 2019 Convertible Bonds at 31 December 2020 is HK$1,521,279,000 (equivalent to RMB1,280,370,000).

Were the effective interest rate used in valuation model to be 5% higher/lower based on management estimates, the carrying value of the 2019 Convertible Bonds at 31 December 2020 would be approximately RMB2,267,000 lower or RMB2,712,000 higher. Were the stock price volatility and VWAP volatility used in valuation model to be 5% higher/lower based on management estimates, the carrying value of the 2019 Convertible Bonds at 31 December 2020 would be approximately RMB1,067,000 higher or RMB178,000 lower.

20 Convertible bonds (continued)

(ii) (continued)

The fair values of the 2020 Convertible Bonds at 31 December 2020 is HK$1,136,036,000 (equivalent to RMB956,133,000).

Were the effective interest rate used in valuation model to be 5% higher/lower based on management estimates, the carrying value of the 2020 Convertible Bonds at 31 December 2020 would be approximately RMB4,205,000 lower or RMB4,407,000 higher. Were the stock price volatility and VWAP volatility used in valuation model to be 5% higher/lower based on management estimates, the carrying value of the 2020 Convertible Bonds at 31 December 2020 would be approximately RMB3,709,000 higher or RMB3,301,000 lower.

21 Deferred income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January	**—**	—
Additions	**19,600**	10,000
Credit to the consolidated statement of comprehensive income (Note 25)	**(19,600)**	(10,000)
At 31 December	**—**	—

These mainly represent government grants received from certain municipal government of the PRC as an encouragement for the Group's construction of investment properties.

22 Long-term payables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Rental deposits payable to third parties	**45,637**	34,215
Rental deposits payable to related parties (Note 37(f))	**21,361**	16,728
Construction deposits	**9,013**	26,713
	76,011	77,656

23 Trade and other payables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
Payables for construction costs	**110,924**	166,896
Rental deposits and other deposits payable to third parties	**54,089**	26,194
Prepaid rents from third parties	**21,431**	20,352
Rental deposits payable to related parties (Note 37(f))	**32,574**	29,057
Accrued operating expenses	**28,972**	20,542
Interest payable	**28,031**	78,820
Advances from a related party (Note 37(f))	**23,295**	—
Other taxes payable	**26,675**	24,343
Employee benefit payables	**11,209**	11,396
Prepaid rents from related parties (Note 37(f))	**11,012**	22,289
Contract termination compensation	**4,000**	—
Payables for commission fees and other expenses related to issuance of senior notes	**3,330**	9,699
Payables for land use rights commission fee	**2,367**	11,342
Payables for commission fees and other expenses related to issuance of convertible bonds	**2,127**	—
Others	**468**	—
	360,504	420,930

At 31 December 2020 and 2019, the ageing analysis of payables for construction costs based on the dates that the Group had the payment obligation for the construction costs, was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**103,553**	142,108
1 year to 2 years	**5,139**	23,474
Over 2 years	**2,232**	1,314
	110,924	166,896

24 Revenue

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental income	550,008	546,001
Revenue from providing property management services (a)	247,516	164,908
Others	1,113	1,597
	798,637	712,506

(a) Unsatisfied property management services

The following table shows unsatisfied performance obligations of property management services resulting from related long-term contracts.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term property management services that are partially or fully unsatisfied as at 31 December	923,635	447,782

Management expects that approximately 32% of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognized as revenue during 2021, and approximately 23% will be recognized as revenue during 2022. The remaining approximately 45% will be recognized during financial years starting from 2022. The amount disclosed above does not include variable consideration which is constrained.

24 Revenue (continued)

(b) Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities		
— Property management services	**12,804**	7,937

(i) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	**7,937**	7,070

25 Other income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Asset related government grants (Note 21)	**19,600**	10,000
Income related government grants	**7,257**	7,246
Others	**582**	1,914
	27,439	19,160

26 Other gains/(losses) — net

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000 Restated
Exchange gains/(losses)	**319,147**	(133,328)
Gains from disposal of subsidiaries (a)	**72,448**	7,604
Gains from relocation of a subsidiary (b)	**38,029**	—
Gains/(Losses) from disposal of property, plant and equipment	**277**	(3)
Donations	**(240)**	(650)
Fair value gains/(losses) on financial assets at FVPL (Note 13)	**3,020**	(6,440)
Contract termination compensation	**(3,148)**	(958)
Others	**(490)**	(143)
	429,043	(133,918)

(a) Disposal of subsidiaries

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Consideration received or receivable:		
Total disposal consideration	**601,072**	350,583
Fair values of remaining shares of associates	**66,785**	146,992
Less: carrying amount of net assets disposed	**(595,409)**	(489,971)
Gains on disposal before income tax	**72,448**	7,604
Capital gain tax	**(35,335)**	(11,907)
Gains/(losses) after capital gain tax on disposal after income tax	**37,113**	(4,303)

26 Other gains/(losses) — net (continued)

(a) Disposal of subsidiaries (continued)

Pursuant to the cooperation framework agreement that the Company and LaSalle Investment Management Asia Pte. Ltd. ("LaSalle") entered into in August 2018, the Company, through its subsidiary (as the "Seller"), entered into sale and purchase agreements (the "SPAs") with Lao V CN Holding III Pte. Ltd, an affiliated entity of LaSalle (as the "Purchaser") on 9 November 2018 and 29 May 2019, respectively. Pursuant to the SPAs, the Seller has agreed to sell, and the Purchaser has agreed to purchase 70% of total issued shares in Management 10 and Management 15 at the consideration of RMB122,251,000 and RMB217,950,000 in cash, respectively. The disposals were completed on 5 June 2019 and 14 June 2019, respectively.

On 26 March 2020, the Seller and the Purchaser entered into an share purchase agreement, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase 90% of total issued shares in Management 12 and Management Tianjin at the consideration of RMB318,707,000 and RMB282,364,000 in cash, respectively. The disposals were completed on 27 May 2020 and 2 June 2020, respectively.

The carrying amounts of assets and liabilities (after elimination of inter-company transactions) of subsidiaries as at the dates of disposals were:

	At the dates of disposals	
	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	**96**	9
Investment properties	**1,140,000**	828,044
Long-term prepayments	**7,648**	2,734
Trade and other receivables	**3,080**	33,845
Prepayments	**5,023**	47,226
Cash and cash equivalents	**8,078**	13,700
Restricted cash	**30,000**	—
Total assets	**1,193,925**	925,558
Borrowings	**(310,232)**	(339,090)
Deferred income tax liabilities	**(136,928)**	(50,249)
Trade and other payables	**(146,512)**	(46,248)
Long-term payables	**(4,802)**	—
Current income tax	**(42)**	—
Total liabilities	**(598,516)**	(435,587)
Net assets	**595,409**	489,971

26 Other gains/(losses) — net (continued)

(a) Disposal of subsidiaries (continued)

Cash flows related to the disposal of subsidiaries were:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Consideration received or receivable		
Total disposal consideration	**601,071**	350,583
Less: unpaid consideration	**(3,000)**	(12,217)
Total consideration received	**598,071**	338,366
Less: cash and restricted cash of the disposed subsidiaries as at disposal dates	**(38,078)**	(13,700)
Net proceeds from disposal of subsidiaries in current year	**559,993**	324,666
Add: consideration for prior year disposals received in current year	**8,017**	—
	568,010	324,666

(b) Relocation of a subsidiary

Jinan Yupei Warehousing Service Co., Ltd. ("Jinan Yupei"), a subsidiary of the Group, entered into a temporary agreement of relocation compensation with Jinan government on 18 September 2020 and a final agreement on 24 March 2021 (the "Relocation Compensation Agreements"). Pursuant to the Relocation Compensation Agreements, the government agreed to compensate Jinan Yupei's relocation with total amount of RMB386,029,000, of which RMB342,000,000 compensated for the disposal of investment properties and the remaining for the relocation cost incurred. As at 31 December 2020, Jinan Yupei completed the relocation and received RMB350,000,000 from the government.

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

27 Expenses by nature

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Property tax, land tax and other tax charges	**106,593**	99,288
Employee benefit expenses — including directors' emoluments (Note 28)	**59,002**	54,923
Maintenance and repairing costs	**41,589**	35,296
Professional fees	**41,088**	28,701
Depreciation of right-of-use assets (Note 7)	**28,976**	33,263
Depreciation of property, plant and equipment (Note 6)	**17,111**	16,421
Leasing commission	**12,348**	12,366
Utilities and office expenses	**7,771**	7,035
Travelling expenses	**4,290**	4,909
Auditor's remuneration		
— Audit services	**3,600**	3,600
— Non-audit services	**1,000**	1,000
Insurance expenses	**3,369**	3,205
Leasing fees (Note 7)	**2,889**	2,671
Entertainment expenses	**2,206**	2,744
Bank charges	**636**	606
COVID-19-related rent concessions (Note 2.1)	**(2,785)**	—
Other expenses	**2,282**	1,882
Total cost of sales, selling and marketing expenses and administrative expenses	**331,965**	307,910

28 Employee benefit expenses

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, wages and bonuses	**52,375**	45,098
Employees share option expenses (Note 18)	**—**	(578)
Pension, housing fund, medical insurance and other social insurance	**6,627**	10,403
Total employee benefit expense	**59,002**	54,923

(a) Five highest paid individuals

During the year ended 31 December 2020 the five highest paid individuals include four (2019: four) directors of the Company, whose emoluments are reflected in the analysis presented in Note 40. The emoluments payable to the remaining one individual during the years ended 31 December 2020 and 2019 as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, wages and bonuses	**1,318**	983
Pension, housing fund, medical insurance and other social insurance	**82**	71
Total employee benefit expense	**1,400**	1,054

For the year ended 31 December 2020, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office (31 December 2019: Nil).

29 Finance expenses — net

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
Finance expenses		
Interest on bank borrowings	**(269,904)**	(241,556)
Interest on borrowings from other financial institutions	**(10,585)**	(35,415)
Interest on senior notes	**(256,105)**	(295,415)
Interest on ABN and CMBS	**(44,545)**	(21,076)
Interest expense on lease liabilities (Note 7)	**(17,850)**	(19,622)
	(598,989)	(613,084)
Less: capitalization of interest (Note 8)	**138,747**	142,885
Net interest expenses	**(460,242)**	(470,199)
Transaction cost of convertible bonds	**(28,060)**	(11,685)
	(488,302)	(481,884)
Finance income		
Exchange gains	**12,087**	5,897
Interest income on bank deposits	**23,630**	23,409
	35,717	29,306
Net finance expenses	**(452,585)**	(452,578)

30 Income tax expense

PRC profits tax has been provided at the rate of 25% on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current tax		
Current tax on profits for the year	**13,190**	9,046
Capital gain tax (a)	**35,335**	19,907
Withholding tax (b)	**—**	3,930
Adjustments for current tax of prior periods	**(2,519)**	(360)
Total current tax expense	**46,006**	32,523
Deferred income tax	**242,798**	259,749
Income tax expense	**288,804**	292,272

(i) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for the assessable profits for the year.

(iii) PRC corporate income tax ("CIT")

CIT is provided at the rate of 25% (2019: 25%) on the assessable income of entities within the Group incorporated in the PRC.

(iv) PRC withholding income tax

According to the new CIT Law, a 10% withholding income tax will be levied on the immediate holding companies established outside the PRC. A lower withholding income tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies.

30 Income tax expense (continued)

(iv) PRC withholding income tax (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
Profit before tax	**355,424**	641,517
Tax calculated at domestic tax rates applicable to profits in the respective countries	**262,233**	262,785
Tax effects of:		
— Expenses not deductible for tax purpose	**443**	365
— Income not subject to tax	**(2,032)**	(5,928)
— Tax losses for which the deferred income tax asset was not recognized	**18,761**	21,081
— Utilization of previously unrecognized tax losses	**(23,417)**	(9,508)
— Capital gain tax on disposal of subsidiaries (a)	**35,335**	19,907
— Withholding tax (b)	**—**	3,930
— Adjustments for current tax of prior periods	**(2,519)**	(360)
Tax charge	**288,804**	292,272

During the year ended 31 December 2020, the effective tax rate is 81.3% (2019: 45.6%).

(a) Save as disclosed in Note 26(a) to the consolidated financial statements, the Group sold about 90% of total equity interest in certain project companies to LaSalle in 2020 and 70% of total equity interest in certain project companies to LaSalle in 2019, respectively. The transfer of equity interest was subject to a 10% capital gain tax. The filing of such equity transfer transaction was completed with relevant capital gain tax paid in 2020 and 2019, respectively.

(b) During the year ended 31 December 2020, certain subsidiaries of the Group established in the PRC have entered into loan agreements with subsidiaries establish in Hong Kong. Interest income earned by Hong Kong subsidiaries is subject to withholding income tax.

31 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019 Restated
Profit attributable to equity owners of the Company (RMB'000)	**22,835**	257,192
Weighted average number of ordinary shares in issue	**3,239,406,046**	3,233,647,439
Basic earnings per share (RMB per share)	**0.0070**	0.0795

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended 31 December	
	2020	2019 Restated
Profit attributable to equity owners of the Company (RMB'000)	**22,835**	257,192
Weighted average number of ordinary shares in issue	**3,239,406,046**	3,233,647,439
Adjustment for shares granted under share option scheme	**963,529**	3,273,242
Weighted average number of ordinary shares for diluted earnings per share	**3,240,369,575**	3,236,920,681
Diluted earnings per share (RMB per share)	**0.0070**	0.0795

During the year ended 31 December 2020, the Group's convertible bonds were anti-dilutive and, accordingly, were excluded from the computation of diluted earnings per share.

32 Dividends

The Company did not declare or distribute any dividend to the shareholders of the Company for the year ended 31 December 2020 (31 December 2019: Nil).

33 Cash flow information

(a) Cash generated from operations

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		Restated
Profit before income tax	**355,424**	641,517
Adjustments for:		
— Depreciation of property, plant and equipment (Note 6)	**17,111**	16,421
— Depreciation of right-of-use assets (Note 7)	**28,976**	33,263
— Covid-19-related rent concessions (Note 27)	**(2,785)**	—
— Fair value gains on investment properties — net (Note 8)	**(678,559)**	(754,763)
— Fair value (gains)/losses on financial assets at FVPL (Note 26)	**(3,020)**	6,440
— Gains from disposal of subsidiaries (Note 26(a))	**(72,448)**	(7,604)
— Fair value losses on convertible bonds (Note 20)	**802,092**	37,732
— (Gains)/Losses from disposal of property, plant and equipment (Note 26(a))	**(277)**	3
— Amortization of intangible asset	**400**	238
— Gain from relocation of a subsidiary (Note 26(b))	**(38,029)**	—
— Impairment losses on trade and other receivables (Note 3.1(b))	**1,532**	1,349
— Share-based payment (Note 18)	**—**	(578)
— Finance expenses — net (Note 29)	**452,585**	452,578
— Exchange (gains)/losses (Note 26)	**(319,147)**	133,328
— Share of results of associated companies (Note 9)	**(9,920)**	(88,575)
— Asset related government grant (Note 25)	**(19,600)**	(10,000)
— (Increase)/Decrease in trade and other receivables	**(12,701)**	61,918
— Increase in trade and other payables	**58,591**	87,247
Cash generated from operations	**560,225**	610,514

33 Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes								
	Year ended 31 December 2019 RMB'000	Cashflows RMB'000	Fair value change of convertible bonds RMB'000	Interest expenses and transaction cost RMB'000	Net exchange losses RMB'000	Conversion of convertible bonds RMB'000	Rent Concession RMB'000	Disposal of subsidiaries RMB'000	Currency translation differences RMB'000	Re-measurement of lease liabilities RMB'000	Year ended 31 December 2020 RMB'000
Bank borrowings and interest	4,155,539	645,148	–	269,904	24	–	–	(310,674)	(930)	–	4,759,011
Borrowings from other institutions and interest	–	340,621	–	10,585	–	–	–	–	–	–	351,206
Senior notes and interest	2,864,343	(1,923,698)	–	256,105	(27,452)	–	–	–	(80,766)	–	1,088,532
ABN and interest	452,605	(48,732)	–	36,880	–	–	–	–	–	–	440,753
CMBS and interest	–	473,416	–	7,665	–	–	–	–	–	–	481,081
Lease liabilities	309,074	(13,927)	–	17,850	–	–	(2,785)	–	–	(31,651)	278,561
Convertible bonds and interest	996,259	564,292	802,092	28,060	–	(49,549)	–	–	(102,524)	–	2,238,630
	8,777,820	37,120	802,092	627,049	(27,428)	(49,549)	(2,785)	(310,674)	(184,220)	(31,651)	9,637,774

33 Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

				Non-cash changes						
	Year ended 31 December 2018 RMB'000	Recognised on adoption of IFRS 16 RMB'000	Cashflows RMB'000	Fair value change of convertible bonds RMB'000	Interest expenses and transaction cost RMB'000	Net exchange losses RMB'000	Disposal of subsidiaries RMB'000	Currency translation differences RMB'000	Re-measurement of lease liabilities RMB'000	Year ended 31 December 2019 RMB'000
				Restated		Restated		Restated		
Bank borrowings and interest	3,603,751	–	315,679	–	236,109	–	–	–	–	4,155,539
Borrowings from other institutions and interest	713,933	–	(753,030)	–	35,415	192	–	3,490	–	–
Senior notes and interest	3,499,369	–	(984,442)	–	295,415	(14,004)	–	68,005	–	2,864,343
ABN and interest	–	–	431,529	–	21,076	–	–	–	–	452,605
Lease liabilities	–	342,924	(18,105)	–	19,622	–	–	–	(35,367)	309,074
Convertible bonds and interest	–	–	928,741	37,732	11,685	–	–	18,101	–	996,259
Bank borrowings and interest classified as held for sale	207,575	–	127,112	–	5,447	–	(340,134)	–	–	–
	8,024,628	342,924	47,484	37,732	624,769	(13,812)	(340,134)	89,596	(35,367)	8,777,820

34 Subsidiaries

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020

(i) Major Subsidiaries — established in the PRC

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Ownership interest held by the Group as at 31 December		Ownership held as at 31 December by non-controlling interests		Principal activities
			RMB'000	RMB'000	2020	2019	2020	2019	
Shanghai Yupei	12 June 2000	Private enterprise	339,671	339,671	99.99%	99.99%	0.01%*	0.01%*	Construction of storage facilities related to warehousing service
Tianjin Yupei Warehousing Co., Ltd.	27 March 2014	Private enterprise	110,000	110,000	99.99%	99.99%	0.01%*	0.01%*	Warehousing services, warehouse leasing, logistics, development and construction of warehousing facilities
Hefei Yuhang Warehousing Co., Ltd.	13 May 2014	Private enterprise	62,750	62,750	99.99%	99.99%	0.01%*	0.01%*	Warehousing services, warehouse leasing
Wuhu Yupei Investment Management Co., Ltd.	13 November 2013	Private enterprise	101,010	101,010	99.99%	99.99%	0.01%*	0.01%*	Investment management, project investment, enterprise management consulting
Chuzhou Yuhang Logistics Co., Ltd.	27 August 2007	Private enterprise	50,000	50,000	99.99%	99.99%	0.01%*	0.01%*	Cargo warehousing, cargo agents, stowage loading and unloading and related business advisory service

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Shenyang Yupei Warehousing Co., Ltd. (b)	28 February 2012	Private enterprise	50,000	50,000	**51%**	51%	**49%**	49%	Self-owned buildings leasing, warehousing services (excluding hazardous chemicals)
Shenyang Yuhang Logistics Co., Ltd.	25 March 2011	Private enterprise	90,000	90,000	**99.99%**	99.99%	**0.01%***	0.01%*	Self-owned buildings leasing, warehousing services (Excluding inflammable and explosive hazardous chemicals)
Wuhan Yupei Warehousing Co., Ltd.	2 August 2011	Private enterprise	66,000	66,000	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services, cargo transportation consulting services
Beijing Linhaitan Trading Co., Ltd.	31 July 2006	Private enterprise	140,000	140,000	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing, sales of building materials
Wuhu Yupei Warehousing Co., Ltd.	7 March 2013	Private enterprise	80,000	80,000	**99%**	99%	**1%***	1%*	General cargo warehousing facilities rental, general cargo warehousing (except hazardous chemicals)
Changchun Yupei Warehousing Co., Ltd.	24 December 2013	Private enterprise	70,450	70,450	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing, house lease, property development and management

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Ownership interest held by the Group as at 31 December		Ownership held as at 31 December by non-controlling interests		Principal activities
			RMB'000	RMB'000	2020	2019	2020	2019	
Suzhou Yupei Warehousing Co., Ltd.	30 October 2012	Private enterprise	179,000	179,000	99.99%	99.99%	0.01%*	0.01%*	Construction and management of storage facilities, property management
Zhengzhou Yupei Warehousing Co., Ltd. (b)	28 February 2014	Private enterprise	130,000	130,000	51%	51%	49%	49%	Warehousing services
Jiaxing Yupei Warehousing Co., Ltd.	11 July 2014	Private enterprise	311,657	311,657	99.99%	99.99%	0.01%*	0.01%*	Warehousing services, management of storage facilities, self-owned plants leasing, warehouse leasing, logistic information consulting services
Jinan Yupei	6 August 2014	Private enterprise	70,707	70,707	99.99%	99.99%	0.01%*	0.01%*	Warehousing services, self-owned building leasing, logistic information consulting services

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(All amounts in RMB unless otherwise stated)

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Nantong Yupei Warehousing Co., Ltd.	19 September 2014	Private enterprise	125,101	49,251	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services, management of storage facilities and other services, logistics information consulting services, self-owned building leasing and property management
Suzhou Yuqing Warehousing Co., Ltd.	10 October 2014	Private enterprise	202,020	202,020	**99.99%**	99.99%	**0.01%***	0.01%*	Construction and management of storage facilities (excluding transportation), and providing property management services and consulting services
Changzhou Yupei Warehousing Co., Ltd.	8 October 2014	Private enterprise	247,475	92,475	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing management (excluding hazardous article), related consulting and services, property management and self-owned buildings leasing

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Huai'an Yupei Warehousing Co., Ltd.	31 October 2014	Private enterprise	92,929	92,929	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services, management of storage facilities, logistic information consulting services
Zhaoqing Yupei Warehousing Co., Ltd.	3 December 2014	Private enterprise	131,313	131,313	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services, management of storage facilities, self-owned plants leasing, warehouse leasing, logistics information consulting
Shanxi Xixian New District Yupei Warehousing Co., Ltd.	18 December 2014	Private enterprise	186,414	186,414	**99.99%**	99.99%	**0.01%***	0.01%*	Construction and operation of business distribution and settlement center and related supporting supply chain management system; management of order producing, tracking, settlement; management of warehousing services and warehousing facilities; self-owned building leasing; Warehouse leasing; Logistics information consulting services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Wuxi Yupei Warehousing Development Co., Ltd. (b)	5 December 2014	Private enterprise	US$101,010	US$101,010	**51%**	51%	**49%**	49%	Warehousing service (except hazardous chemicals) and consulting services, storage facilities leasing, property management
Changsha Yupei Warehousing Co., Ltd.	8 May 2015	Private enterprise	186,869	126,869	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing management and consulting service; cargo storage (exclude hazardous article); building leasing, logistics information and consulting service
Shanghai Qingyang Horticulture Co., Ltd.	3 July 2001	Private enterprise	5,051	5,051	**99.98%**	99.98%	**0.02%***	0.02%*	Flowers, seedling, fruit trees planting; landscape engineering; greening projects; warehousing service (except hazardous chemicals)
Suzhou Yuzhen Warehousing Co., Ltd.	28 November 2014	Private enterprise	505,051	261,851	**99.99%**	99.99%	**0.01%***	0.01%*	Construction and management of storage facilities (excluding transportation), and providing property management services and consulting services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Shanghai Yuzai Investment Management Co., Ltd.	16 January 2015	Private enterprise	150,000	150,000	**100%**	100%	**–**	–	Investment management, project investment, enterprise management consulting
Haerbin Yupei Warehousing Co., Ltd.	5 February 2015	Private enterprise	173,061	61,731	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants
Dalian Yupei Warehousing Co., Ltd.	19 May 2015	Private enterprise	505,051	191,051	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December		Ownership held as at 31 December by non-controlling interests		Principal activities
					2020	2019	**2020**	2019	
Chongqing Yupei Warehousing Co., Ltd.	27 January 2015	Private enterprise	202,020	165,020	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing service (except hazardous chemicals); storage facilities leasing, self-owned building leasing (exclude accommodation); logistics information consulting service; manufacturing and selling automobile components and parts; property management
Chengdu Shengbao Iron Structure Co., Ltd. ("Chengdu Shengbao")	16 April 2010	Private enterprise	131,313	131,313	**99.99%**	99.99%	**0.01%***	0.01%*	Production and sales of steel structure, painted metal and other metals; logistics service; warehousing service (except hazardous chemicals); property management and consulting service; lease of plants; goods and technology importation and exportation

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Zhengzhou Hozdo Logistics Co., Ltd.	29 July 2011	Private enterprise	50,505	50,505	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services (excluding inflammable and explosive hazardous chemicals), self-owned buildings leasing, logistic information consulting services and related technical advisory
Shanghai Yuheng Logistics Management Co., Ltd.	9 October 2015	Private enterprise	1,000	1,000	**100%**	100%	**–**	–	Logistics management; logistic information consulting services; warehousing service (except hazardous chemicals); business consulting; industrial investment; property management; hotel management

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(All amounts in RMB unless otherwise stated)

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Shanghai Shuozheng Trading Co., Ltd.	30 January 2015	Private enterprise	111,111	111,111	**100%**	99.98%	**–**	0.02%*	Investment management consulting; business information consulting; enterprise management consulting; marketing planning; enterprise image design; warehousing service (except hazardous chemicals); research and sales of storage facilities
Jinan Yuzhen Warehousing Co., Ltd.	11 August 2015	Private enterprise	371,000	371,000	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services (excluding hazardous chemicals); self-owned buildings leasing; construction and management of storage facilities
Nanchang Yupei Warehousing Co., Ltd.	6 September 2016	Private enterprise	186,869	133,869	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing services; construction and management of storage facilities; self-owned buildings leasing; logistics information consulting services; property management services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Zhoushan Yupei Warehousing Co., Ltd.	11 October 2016	Private enterprise	133,333	77,883	**99.99%**	99.99%	**0.01%***	0.01%*	Construction, management and leasing of storage facilities; warehousing service (except hazardous chemicals); property management and consulting; self-owned buildings leasing; logistics information consulting service; R&D and manufacturing of logistics equipment
Zhoushan Yuhang Warehousing Co., Ltd.	26 October 2016	Private enterprise	60,606	60,606	**99.99%**	99.99%	**0.01%***	0.01%*	Construction, management and leasing of storage facilities (except hazardous chemicals); property management and consulting; self-owned buildings leasing; logistics information consulting services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Guiyang Yupei Warehousing Co., Ltd.	2 November 2016	Private enterprise	227,273	185,273	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing service; construction and management of storage facilities; construction and management of workshop; self-owned buildings leasing; storage facilities leasing; distribution and settlement of e-commerce; logistics information consulting services; property management and consulting services
Kunming Yupei Warehousing Co., Ltd.	9 November 2016	Private enterprise	191,919	191,919	**99.99%**	99.99%	**0.01%***	0.01%*	Warehousing service; development, construction and management of storage facilities; logistics information consulting services; property management and consulting services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Qingdao Yuhang Warehousing Co., Ltd.	12 December 2018	Private enterprise	205,000	205,000	**100%**	100%	**–**	–	Warehousing services (except banned and inflammable articles and dangerous chemicals); construction, development and operation of warehousing facilities; logistics information consulting services; property management services

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Zhejiang Zhiyao Wulian Technology Co., Ltd.	27 February 2019	Private enterprise	250,000	200,020	**100%**	100%	**–**	–	Technology development, technical consulting, technical services, technology transfer in the field of Internet of Things technology, computer software and hardware, mechanical and electrical equipment, electronic products, packaging materials wholesale and retail; own house leasing, machinery and equipment leasing, business information consulting, general goods Warehousing services, wholesale, retail, technical consulting, technical services, property services of warehousing equipment; self-employed and agency import and export of goods and technologies

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Luohe Yupei Warehousing Co., Ltd.	7 January 2020	Private enterprise	50,000	50,000	**99.98%**	–	**0.02%***	–	Warehousing services (except hazardous chemicals), development, construction and operation of storage facilities, supply chain management, e-commercial information consulting services, logistics information consulting and property management services.
Bengbu Yupei Warehousing Co., Ltd.	23 April 2020	Private enterprise	50,000	50,000	**99.98%**	–	**0.02%***	–	Warehousing services (excluding hazardous chemicals, inflammable and explosive hazardous chemicals, radioactive chemicals, hazardous waste), R&D,installation and sales of intelligent warehousing equipment, supply chain management services, e-commercial information consulting services, logistics information consulting services, property management services, processing and packing of agricultural goods and leasing of sites.

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(All amounts in RMB unless otherwise stated)

34 Subsidiaries (continued)

(a) Particulars of the major subsidiaries of the Group as at 31 December 2020 (continued)

(i) Major Subsidiaries — established in the PRC (continued)

Company name	Date of incorporation	Legal status	Registered capital RMB'000	Issued and fully paid share capital RMB'000	Ownership interest held by the Group as at 31 December 2020	2019	Ownership held as at 31 December by non-controlling interests 2020	2019	Principal activities
Nanning Yupei Warehousing Co., Ltd.	28 February 2020	Private enterprise	137,000	27,090	**99.99%**	–	**0.01%***	–	Warehousing services (except hazardous chemicals), development, construction and operation of storage facilities, logistics information consulting and property management services.

* In accordance with the equity transfer and contribution agreements entered into by the Group with Yaochang International Co., Ltd. ("Yaochang") and Shengtai International Group Ltd. ("Shengtai"), respectively, in 2018, the Group transferred 0.01%–1%, where applicable, the equity interests in these subsidiaries to Yaochang and Shengtai, respectively, for a total cash consideration of RMB1,300,000.

(ii) Subsidiaries — established in the Cayman Islands ("Cayman"), British Virgin Islands ("B.V.I") and Hong Kong ("HK")

The Company has several wholly owned subsidiaries established in Cayman, B.V.I and HK. These subsidiaries are all investment holding companies.

34 Subsidiaries (continued)

(b) Material non-controlling interests

As at 31 December 2020, the total non-controlling interests is RMB819,725,000 (31 December 2019: RMB824,752,000), of which RMB818,649,000 (31 December 2019: RMB823,515,000) is attributed by Yupei Logistics Property Fund I Limited Partnership ("Fund").

On 11 December 2018, Yupei Logistics Property Fund Management I Co., Ltd ("General Partner"), which was co-invested by Yupei Logistics Property Investment I Co., Ltd and Achiever Edge Limited, established the Fund, pursuant to the exempted limited partnership agreement ("LPA"). The General Partner serves as the general partner of the Fund, and Yupei Logistics Property Management 22 Co., Ltd. ("Yupei LP") serves as the limited partner of the Fund. On 21 December 2018, the General Partner, Yupei LP and Elegant Fragrant Limited ("ICBCI LP"), a wholly owned subsidiary of ICBCI Investment Management entered into the amended and restated LPA, pursuant to which Yupei LP and ICBCI LP agreed to jointly invest in the Fund in US$, the equivalent of RMB1,634 million, of which the Company committed to invest 51%, or the equivalent of RMB833 million, and ICBCI LP committed to invest 49%, or the equivalent of RMB801 million.

Pursuant to the share purchase agreement signed, on 21 December 2018, the Company, through Yupei Development, transferred Wuxi Yupei Warehousing Development Co., Ltd., Shenyang Yupei Warehousing Co., Ltd. and Zhengzhou Yupei Warehousing Co., Ltd. wholly-owned subsidiaries of the Group ("Yupei Project Companies") to the Fund. As a result of such transfer, the Company became the indirect beneficial owner of 51% of the equity interests in the Yupei Project Companies and ICBCI Investment Management became the indirect beneficial owner of 49% of the equity interests in the Yupei Project Companies. The transaction was completed on 24 December 2018 with the capital injection by ICBCI on 27 December 2018.

The Company controls the Fund via its existing rights and ability to direct the major activities of the Yupei Project Companies, and thus the Fund together with the Yupei Project Companies remains to be consolidated subsidiaries of the Group.

34 Subsidiaries (continued)

(b) Material non-controlling interests (continued)

Summarized financial information on subsidiaries with material non-controlling interests

The following tables illustrate the financial information of the Fund, that has non-controlling interests that are material to the Group. The financial information extracted from the financial statements has been adjusted for differences in accounting policies between the Group and the subsidiaries.

Summarized consolidated balance sheet of the Fund

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current		
Assets	**56,801**	98,254
Liabilities	**(233,886)**	(302,442)
Total net current liabilities	**(177,085)**	(204,188)
Non-current		
Assets	**2,722,920**	2,651,429
Liabilities	**(875,123)**	(766,598)
Total net non-current assets	**1,847,797**	1,884,831
Net assets	**1,670,712**	1,680,643

34 Subsidiaries (continued)

(b) Material non-controlling interests (continued)

Summarized consolidated statement of comprehensive income of the Fund

	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	**136,181**	97,075
Profit for the period	**89,685**	188,013
Total comprehensive income	**89,685**	188,013
Profit allocated to non-controlling interests	**43,946**	92,126
Deemed contribution from non-controlling interests	**—**	(16,380)
Dividends paid to non-controlling interests	**(48,812)**	(49,202)

Summarized consolidated statement of cash flows of the Fund

	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows generated from operating activities	**24,870**	82,239
Cash flows used in investing activities	**(60,084)**	(457,194)
Cash flows (used in)/generated from financing activities	**(13,661)**	47,339
Net decrease in cash and cash equivalents	**(48,875)**	(327,616)

35 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Investment properties	**525,637**	1,014,217

(b) Repairs and maintenance on investment properties

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contractual obligation for future repairs and maintenance-not recognized as a liability	**23,479**	16,122

36 Contingencies

The Group did not have significant contingent liabilities as at 31 December 2020 and 31 December 2019.

37 Related party transactions

Mr. Li Shifa ("Mr. Li") and Ms. Ma Xiaocui ("Ms. Ma") (the spouse of Mr. Li) are the substantial shareholders of the Group and their subsidiaries are regarded as the related parties.

Jingdong Logistics Group Corporation ("JD Subscriber") subscribed for 321,068,999 newly issued shares of the Company on 11 May 2018. After the completion of the subscription, JD Subscriber holds 9.9% of the total issued shares of the Company, and also by representation in the Company's Board, JD Subscriber is regarded as a related party since 11 May 2018. As JD Subscriber is wholly controlled by JD.com, Inc., JD.com, Inc. and all its subsidiaries (together "JD Subsidiaries") are regarded as the related parties since 11 May 2018.

37 Related party transactions (continued)

Names and relationships with related parties are as follows:

Company name	Relationships
Shanghai Yupei Industrial (Group) Co., Ltd. ("Shanghai Yupei Industrial")	Controlled by Mr. Li and Ms. Ma
Shanghai Yupei Express Logistics Co., Ltd. ("Yupei Express Logistics")	Controlled by Mr. Li and Ms. Ma
Yupei Supply Chain Management Co., Ltd. ("Yupei Supply Chain")	Controlled by Mr. Li and Ms. Ma
Yupei Logistics Property Development 15 Co., Ltd ("Development 15")	Subsidiary of the associate of the Group
Yupei Logistics Property Development 10 Co., Ltd ("Development 10")	Subsidiary of the associate of the Group
Shanghai Hongyu	Associate of the Group
Management 10	Associate of the Group
Management 15	Associate of the Group
Management 12	Associate of the Group
Huizhou Yuanwang	Subsidiary of the associate of the Group
TianJin Yupei Logistics	Subsidiary of the associate of the Group
Nanjing Yupei	Subsidiary of the associate of the Group
Kunshan Yuzai	Subsidiary of the associate of the Group
JD Subsidiaries	Ultimately controlled by JD.com, Inc.
Berkeley Asset	Substantial shareholder of the Group

37 Related party transactions (continued)

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties. The significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2020 and 2019, and balances arising from related party transactions as at 31 December 2020 and 2019 are summarized below.

(a) Services provided to related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental income and revenue from providing property management services to		
— JD Subsidiaries	**233,476**	208,535
— Yupei Supply Chain	**47,646**	42,939
— Kunshan Yuzai	**9,369**	—
— Yupei Express Logistics	**8,677**	6,879
— Shanghai Yupei Industrial	**6,417**	6,211
— TianJin Yupei Logistics	**1,581**	—
— Huizhou Yuanwang	**902**	—
— Nanjing Yupei	**4**	—
	308,072	264,564

(b) Lease transactions with a related party

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Acquisition of right-of-use assets from		
— Shanghai Hongyu	**—**	307,681
Interest expense on lease liabilities (Note 29)		
— Shanghai Hongyu	**17,850**	19,622
Lease fee payment to (Note 7)		
— Shanghai Hongyu	**13,927**	18,105

37 Related party transactions (continued)

(c) Convertible bonds subscribed by a related party

	Year ended 31 December	
	2020	2019
	HK$'000	HK$'000
Principal amount of convertible bonds subscribed by		
— Berkeley Asset (Note 20)	**—**	589,000

(d) Advances to and from related parties

	year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Advances to		
— Nanjing Yupei	**17,600**	—
— Shanghai Hongyu	**—**	32,392
	17,600	32,392
Receipt of advances to		
— Tianjin Yupei Logistics	**86,704**	—
— Huizhou Yuanwang	**46,151**	—
— Shanghai Hongyu	**32,392**	—
	165,247	—
Advances from		
— Shanghai Hongyu	**82,391**	—
Repayment of advances from		
— Shanghai Hongyu	**59,096**	—

The above transactions were conducted in accordance with the underlying terms of respective agreements in the ordinary course of business.

37 Related party transactions (continued)

(e) Key management personnel compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is summarized below:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fees	**1,565**	1,595
Salaries, wages and bonuses	**10,677**	11,294
Employees share option expenses	**—**	653
Other social security cost, housing benefits and other employee benefits	**363**	822
	12,605	14,364

37 Related party transactions (continued)

(f) Year-end balances arising from advances to or from related parties and receiving/provision of services from or to related parties

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Prepayment to		
— JD Subsidiaries	**238**	181
Trade receivables from related parties (Note 11(a))		
— Yupei Supply Chain	**24,634**	1,217
— JD Subsidiaries	**4,648**	5,227
— Yupei Express Logistics	**4,173**	46
— Shanghai Yupei Industrial	**—**	93
	33,455	6,583
Rental deposits and other receivables from (Note 12(a))		
— Nanjing Yupei	**17,604**	—
— Kunshan Yuzai	**4,798**	—
— Shanghai Hongyu		
— Rental deposits	**2,000**	2,000
— Advances	**—**	32,392
— Huizhou Yuanwang	**1,866**	—
— TianJin Yupei Logistics	**910**	—
— Management 12	**20**	—
— Management 15	**—**	32
— Management 10	**—**	12
— Development 15	**—**	9
— Development 10	**—**	4
	27,198	34,449
Long-term rental deposits payable to (Note 22)		
— JD Subsidiaries	**21,361**	16,728
Prepaid rents from (Note 23)		
— JD Subsidiaries	**11,012**	22,233
— Yupei Supply Chain	**—**	56
	11,012	22,289

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

37 Related party transactions (continued)

(f) Year-end balances arising from advances to or from related parties and receiving/provision of services from or to related parties (continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities		
— JD Subsidiaries	**5,726**	3,343
Rental deposits payable to (Note 23)		
— JD Subsidiaries	**32,574**	27,395
— Yupei Express Logistics	**—**	1,400
— Yupei Supply Chain	**—**	262
	32,574	29,057
Advances from (Note 23)		
— Shanghai Hongyu	**23,295**	—
Leasing liabilities (Note 7)		
— Shanghai Hongyu		
— Current	**14,811**	14,815
— Non-current	**263,750**	294,259
	278,561	309,074

The receivables from and payables to related parties as at 31 December 2020 and 2019 arise mainly from ordinary course of businesses. The receivables are unsecured in nature and bear no interest except for the advances to Shanghai Hongyu, which was repaid in January 2020. There are no provisions made against receivables from related parties.

38 Events occurring after the balance sheet date

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2020.

39 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 Restated	As at 1 January 2019 RMB'000 Restated
Assets				
Non-current assets				
Investments in subsidiaries		**7,816,971**	8,027,172	7,035,978
Financial assets at FVPL		**—**	111,973	58,337
Long-term prepayments		**29**	47	65
		7,817,000	8,139,192	7,094,380
Current assets				
Trade and other receivables		**403**	512	9,182
Prepayments		**122**	1,635	568
Loans to subsidiaries		**807,560**	1,503,168	2,196,550
Financial assets at FVPL		**—**	146,975	289,176
Cash and cash equivalents		**140,500**	83,281	112,337
		948,585	1,735,571	2,607,813
Total assets		**8,765,585**	9,874,763	9,702,193
Equity and liabilities				
Equity attributable to shareholders of the Company				
Share capital and premium	15	**6,510,073**	6,442,389	6,460,307
Treasury shares	15	**(97,533)**	—	—
Other reserves	(a)	**(629,721)**	(359,730)	(491,555)
Accumulated losses	(a)	**(1,908,728)**	(1,121,944)	(605,592)
Total equity		**3,874,091**	4,960,715	5,363,160

39 Balance sheet and reserve movement of the Company (continued)

Balance sheet of the Company (continued)

	Note	As at 31 December 2020 RMB'000	2019 RMB'000 Restated	As at 1 January 2019 RMB'000 Restated
Liabilities				
Non-current liabilities				
Convertible bonds	20	**2,236,503**	996,259	—
Borrowings	19	**1,079,548**	1,116,616	2,707,491
		3,316,051	2,112,875	2,707,491
Current liabilities				
Borrowings	19	**97,458**	1,673,447	1,370,235
Amounts due to subsidiaries		**1,447,007**	1,039,297	118,799
Trade and other payables		**30,978**	85,666	142,508
Current income tax liabilities		**—**	2,763	—
		1,575,443	2,801,173	1,631,542
Total liabilities		**4,891,494**	4,914,048	4,339,033
Total equity and liabilities		**8,765,585**	9,874,763	9,702,193

The balance sheet of the Company was approved by the Board on 30 March 2021 and was signed on its behalf by:

Li Shifa

Wu Guolin

39 Balance sheet and reserve movement of the Company (continued)

(a) Reserve movement of the Company

		Other reserves			
	Accumulated losses RMB'000 Restated	Share-based payments RMB'000 (Note 17)	Currency translation differences RMB'000 Restated	Deemed contribution from equity holders RMB'000 (Note 17)	Total RMB'000 Restated
At 31 December 2018	(1,277,695)	17,991	—	139,716	(1,119,988)
Change in accounting policy — change of functional currency	672,103	—	(649,262)	—	22,841
At 1 January 2019, restated	(605,592)	17,991	(649,262)	139,716	(1,097,147)
Loss for the year	(516,352)	—	—	—	(516,352)
Currency translation differences	—	—	136,125	—	136,125
Employee share option scheme					
— Value of employee services	—	(578)	—	—	(578)
— Exercise of share options	—	(3,722)	—	—	(3,722)
At 31 December 2019	(1,121,944)	13,691	(513,137)	139,716	(1,481,674)
At 1 January 2020	**(1,121,944)**	**13,691**	**(513,137)**	**139,716**	**(1,481,674)**
Loss for the year	**(786,784)**	**—**	**—**	**—**	**(786,784)**
Currency translation differences	**—**	**—**	**(259,912)**	**—**	**(259,912)**
Employee share option scheme					
— Exercise of share options	**—**	**(10,079)**	**—**	**—**	**(10,079)**
At 31 December 2020	**(1,908,728)**	**3,612**	**(773,049)**	**139,716**	**(2,538,449)**

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

40 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive of the Company for the years ended 31 December 2020 and 2019 are set out as follows:

	Year ended 31 December 2020					
Name of Director	Fees	Salaries, wages and bonuses	Employees share option expenses	Employer's contribution to a pension plan	Other social security cost and employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors:						
Mr. Li	–	2,203	–	4	48	2,255
Mr. Wu Guolin	–	1,284	–	4	48	1,336
Ms. Li Huifang	–	1,000	–	4	48	1,052
Ms. Shi Lianghua	–	899	–	4	48	951
Mr. Cheuk Shun Wah	–	3,730	–	–	16	3,746
Mr. Wu Guozhou (i)	–	398	–	–	35	433
Mr. Xie Xiangdong	–	577	–	–	52	629
Non-executive Directors:						
Ms. Li Qing	–	–	–	–	–	–
Mr. Huang Xufeng	–	–	–	–	–	–
Mr. Fu Bing	–	–	–	–	–	–
Independent Non-executive Directors:						
Mr. Guo Jingbin	313	–	–	–	–	313
Mr. Fung Ching Simon	313	–	–	–	–	313
Mr. Wang Tianye	313	–	–	–	–	313
Mr. Leung Chi Ching	313	–	–	–	–	313
Mr. Chen Yaomin	313	–	–	–	–	313
	1,565	10,091	–	16	295	11,967

40 Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

	Year ended 31 December 2019					
Name of Director	Fees	Salaries, wages and bonuses	Employees share option expenses	Employer's contribution to a pension plan	Other social security cost and employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors:						
Mr. Li	–	2,008	–	49	52	2,109
Mr. Pan Naiyue	–	502	–	18	16	536
Mr. Wu Guolin	–	1,179	203	49	52	1,483
Ms. Li Huifang	–	949	77	49	52	1,127
Mr. Chen Runfu (ii)	–	–	–	–	–	–
Ms. Shi Lianghua	–	894	179	49	52	1,174
Mr. Xie Xiangdong	–	708	59	49	52	868
Mr. Cheuk Shun Wah	–	4,335	–	16	–	4,351
Non-executive Directors:						
Ms. Li Qing	–	–	245	–	–	245
Mr. Huang Xufeng	–	–	–	–	–	–
Mr. Fu Bing	–	–	–	–	–	–
Independent Non-executive Directors:						
Mr. Guo Jingbin	319	–	–	–	–	319
Mr. Fung Ching Simon	319	–	–	–	–	319
Mr. Wang Tianye	319	–	–	–	–	319
Mr. Leung Chi Ching	319	–	–	–	–	319
Mr. Chen Yaomin	319	–	–	–	–	319
	1,595	10,575	763	279	276	13,488

40 Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Wu Guozhou was appointed as executive director of the Company on 16 November 2020.

(ii) Mr. Chen Runfu resigned as executive director of the Company on 16 November 2020.

During the year ended 31 December 2020, no directors received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil). No directors waived or had agreed to waive any emoluments.

(b) Directors' retirement benefits

During the year ended 31 December 2020, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2019: Nil).

(c) Directors' termination benefits

During the year ended 31 December 2020, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2020, no consideration was provided to or receivable by third parties for making available director's services (2019: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities at the years ended 31 December 2020 and 2019 or at any time during the years.

(f) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 37, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the years ended 31 December 2020 and 2019 or at any time during the years.

中國物流資產控股有限公司
CHINA LOGISTICS PROPERTY HOLDINGS CO., LTD