



GREENTOWN CHINA HOLDINGS LIMITED

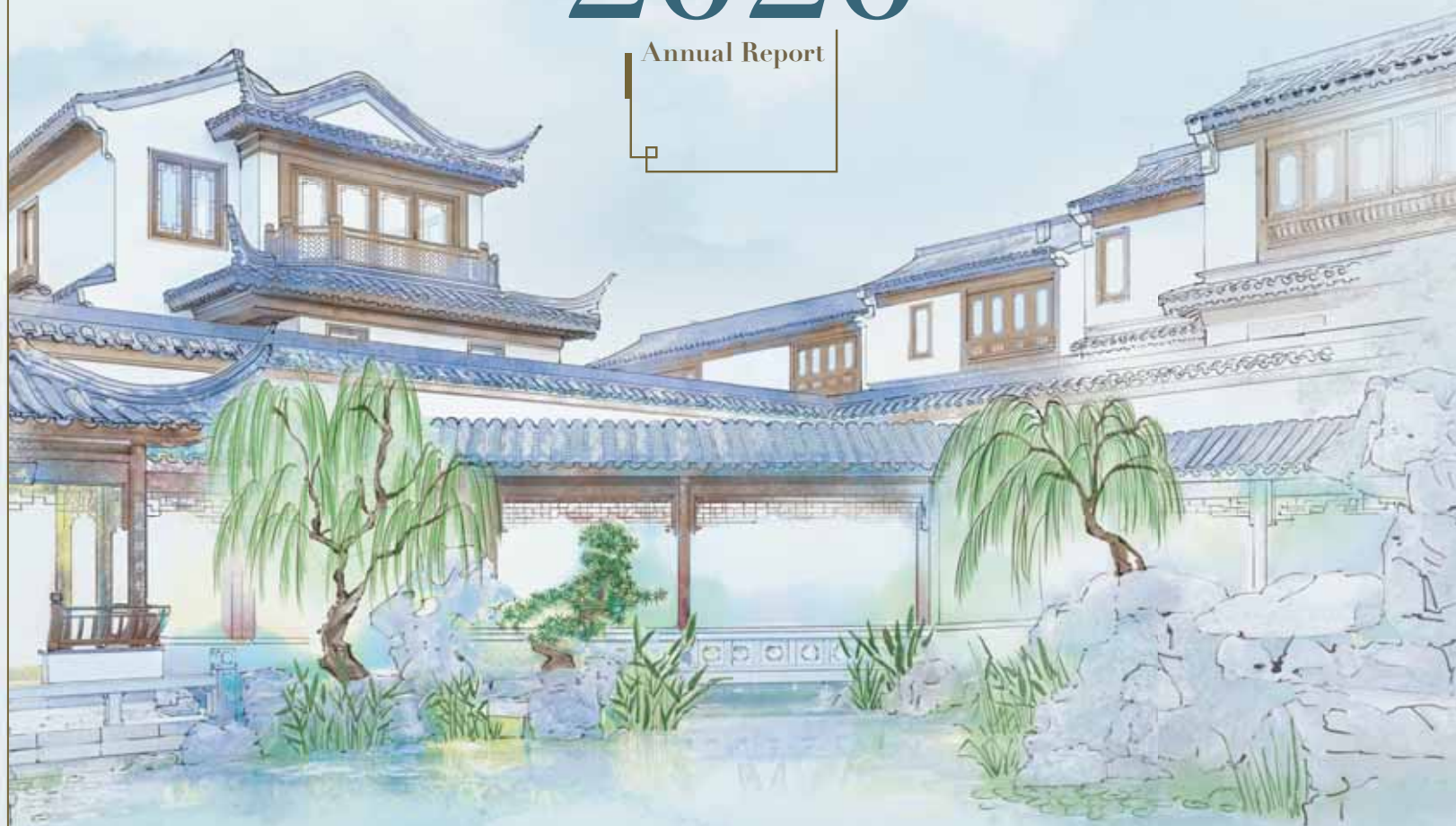
(incorporated in the Cayman Islands with limited liability)

Stock Code: 03900

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2020

Annual Report





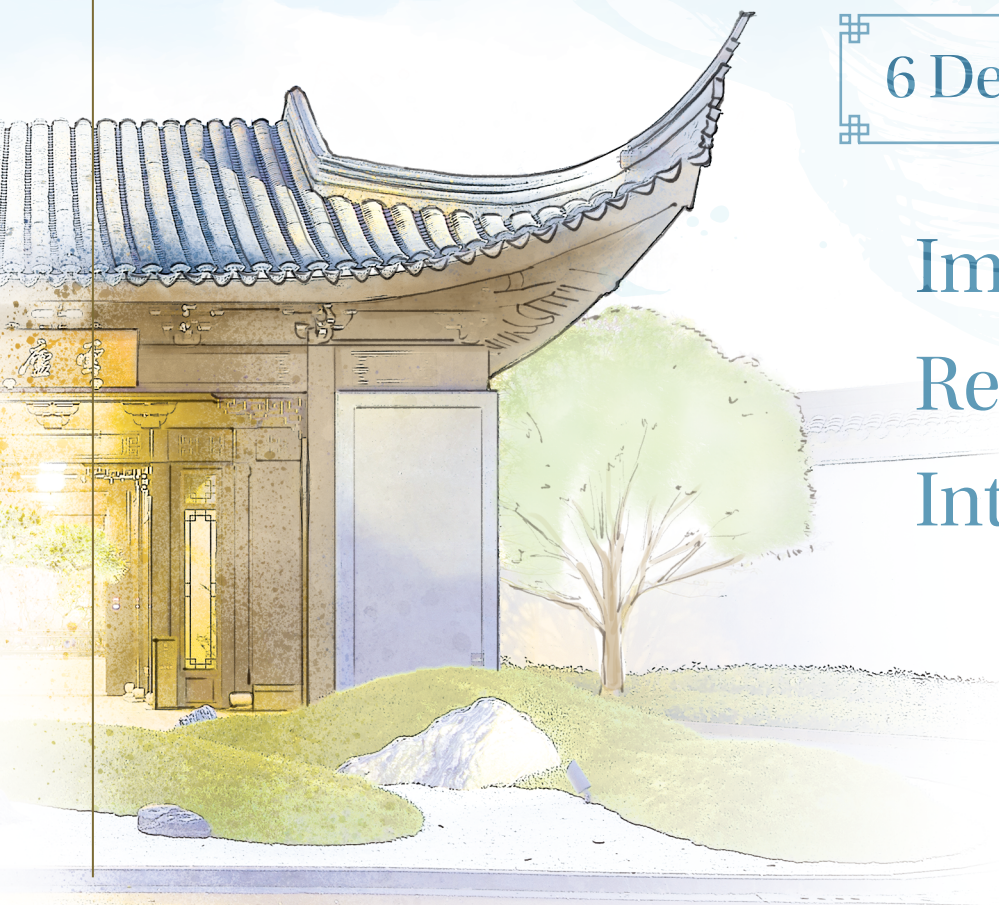
Core Values

Sincerity Kindness
Exquisiteness Perfection



6 Development Synergies

Image Quality
Refinement Brand
Integrity Character



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Corporate Profile

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Greentown China Holdings Limited is a leading quality property developer and integrated living service provider in China. It maintains a leadership position in the industry by virtue of the quality of its properties, and its unique architectural aesthetics and customer centric services. The Company has been awarded the “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength” for 16 consecutive years and named No.1 in customer satisfaction in the country for 10 consecutive years as well as recognized as “Product Quality First” by various mainstream organizations in the industry. It has also received such honors as “Enterprise with Social Responsibility” for many years.

Greentown China Holdings Limited was founded in Hangzhou, China in January 1995, and listed on the Hong Kong Stock Exchange in July 2006. In June 2012, Wharf was introduced as a strategic shareholder of Greentown. As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 22.4% of the total issued share capital of the Company. In December 2014, China Communications Construction Group became a strategic shareholder of Greentown China. As at the date of this report, CCCG was interested in approximately 25.1% of the total issued share capital of the Company and became its single largest shareholder.

Throughout 26 years of development, the Company has adhered to the development strategy of “quality first” and developed the upstream and downstream of the real estate business to form three major segments, namely asset-heavy, asset-light and “Greentown+”. The asset-heavy segment focuses on the real estate investment and development business, and the asset-light segment strengthens

the project management business, while the “Greentown+” segment provides strong support for both the asset-heavy and asset-light segments by strengthening the industry integration of the upstream and extending the scope of services of the downstream. In 2020, each operational indicator hit record highs: with contract sales ranking 8th in the industry amounting to RMB289.2 billion representing a year-on-year growth of 43%. The newly-added saleable value amounted to RMB300 billion and comprehensive financing costs continued to reduce, laying a solid foundation for the Company’s sustainable development.

Being a professional developer of premium properties in China, Greentown China has always insisted on innovation and continued to explore the relationship between humans and their living space. Through creating aesthetically pleasing architecture, Greentown China is committed to building a better life for more people. Based in Zhejiang, Greentown focuses its attention on the

top five core city clusters and important city hubs as well as cultivating footprints in first- and second-tier cities and high quality third- and fourth-tier cities. On the basis of traditional development business, Greentown China has vigorously developed featured real estate business including town projects, TOD projects, urban renewal and industry-city integration. Leveraging on its rich land bank, high-calibre human resources and highly effective management structure, Greentown China has established an outstanding brand image in all the cities it operates. The rich experience Greentown has accumulated in developing numerous high-quality projects together with its and outstanding operational capabilities has served to provide strong momentum for its future development.

Project management business has maintained a rapid and steady growth since its commencement in September 2010. In July 2020, Greentown Management Holdings Company Limited was officially spun off from the Company and listed separately on the Main Board of the Stock Exchange (stock code: 09979), which has since helped consolidate its leading position in the project management business, while accelerating the growth of the Company's asset-light segment and enhancing the business synergy between the asset-light and asset-heavy segments.

In 2020, after in-depth consideration, repeated argumentations and discussions, the Company formulated the "Strategic 2025 Plan" aiming at building the "quality benchmark among the Top 10" and developing the strategic pivot points of "best understanding of customers and

best understanding of products", while focusing on nine major real estate-related businesses. The Company balanced the importance of institutional innovation and new business expansion while maintaining the core business and striving to shift from "quality development" to "high-quality development" in the coming five years.

Looking ahead, with the strong support of CCCG, a state owned enterprise, Wharf, a Hong Kong enterprise and Xinhua Zhongbao along with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other shareholders, the Company will continue to adhere to the innovation and practice of mixed ownership enterprise and maintain its dedication to sincerity, meticulousness of strategies and excellence of operation, so as to build the No. 1 brand of "integrated service provider for an ideal life" in China.



Hangzhou Xixi Yunlu

Corporate Information

Board of Directors

Executive Directors

- Mr ZHANG Yadong
(Chairman of the Board)
- Mr LIU Wensheng
(Ceased to act on 21 March 2021)
- Mr GUO Jiafeng
- Mr WU Wendu
(Appointed on 22 March 2021)
- Mr ZHOU Lianyong
(Ceased to act on 21 March 2021)
- Mr GENG Zhongqiang
- Mr LI Jun
- Ms HONG Lei
(Appointed on 22 March 2021)

Non-Executive Directors

- Mr Stephen Tin Hoi NG
(Mr Andrew On Kiu CHOW
as his alternate)
- Mr WU Yiwen
(Appointed on 26 May 2020)

Independent Non-Executive Directors

- Mr JIA Shenghua
(Resigned on 17 April 2020)
- Mr KE Huanzhang
(Resigned on 17 April 2020)
- Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
- Mr HUI Wan Fai
- Mr QIU Dong
(Appointed on 17 April 2020)
- Mr ZHU Yuchen
(Appointed on 17 April 2020)

Audit Committee

- Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
- Mr HUI Wan Fai
(Appointed as Chairman
on 17 April 2020)
- Mr JIA Shenghua
- Mr QIU Dong
(Appointed on 17 April 2020)
- Mr ZHU Yuchen
(Appointed on 17 April 2020)

Nomination Committee

- Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
- Mr ZHU Yuchen
(Appointed as Chairman
on 17 April 2020)
- Mr ZHANG Yadong
- Mr LIU Wensheng
(Ceased to act on 21 March 2021)
- Mr WU Wendu
(Appointed on 22 March 2021)
- Mr JIA Shenghua
- Mr KE Huanzhang
(Resigned on 17 April 2020)
- Mr HUI Wan Fai
- Mr QIU Dong
(Appointed on 17 April 2020)

Remuneration Committee

- Mr JIA Shenghua (Chairman)
- Mr ZHANG Yadong
- Mr LIU Wensheng
(Ceased to act on 21 March 2021)
- Mr WU Wendu
(Appointed on 22 March 2021)
- Mr KE Huanzhang
(Resigned on 17 April 2020)
- Mr SZE Tsai Ping, Michael
(Resigned on 17 April 2020)
- Mr HUI Wan Fai
- Mr QIU Dong
(Appointed on 17 April 2020)
- Mr ZHU Yuchen
(Appointed on 17 April 2020)

Registered Office

Maples Corporate Services Limited
PO Box 309, Uglund House
South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

Legal Advisors

As to Hong Kong law:
Allen & Overy

As to the PRC law:
Zhejiang T&C Law Firm

As to Cayman Islands law and
British Virgin Islands law:
Maples and Calder

Secretary of the Board

Mr SHANG Shuchen
(Appointed on 20 March 2020)

Joint Company Secretaries

Ms XU Ying
(Appointed on 20 March 2020)
Ms NG Sau Mei
(Appointed on 20 March 2020)

Authorized Representatives

Mr ZHANG Yadong
Ms XU Ying
(Appointed on 20 March 2020)

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China
Limited
Agricultural Bank of China Ltd.
China Construction Bank Corp.

The Hong Kong And Shanghai Banking
Corp., Ltd.
China CITIC Bank Corp., Ltd.
China Merchants Bank Co.,Ltd.
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
China Everbright Bank Corp., Ltd.
Shanghai Pudong Development Bank
Co., Ltd

Hangzhou Headquarters

10/F, Block A, Dragon Century Plaza
No.1 Hangda Road Hangzhou,
Zhejiang PRC
(Postal code: 310007)

Principal Place of Business in Hong Kong

Room 1406–1408, 14/F
New World Tower 1
16-18 Queen's Road Central
Central, Hong Kong

Investor Relations

Email: ir@chinagreentown.com
Tel: (852) 2523 3138
Fax: (852) 2523 6608

Public Relations

Hill + Knowlton Strategies Asia
Email: greentown@hkstrategies.com
Tel: (852) 2894 6321
Fax: (852) 2576 1990

Stock Code

HKEX: 03900

Websites

www.chinagreentown.com
www.greentownchina.com



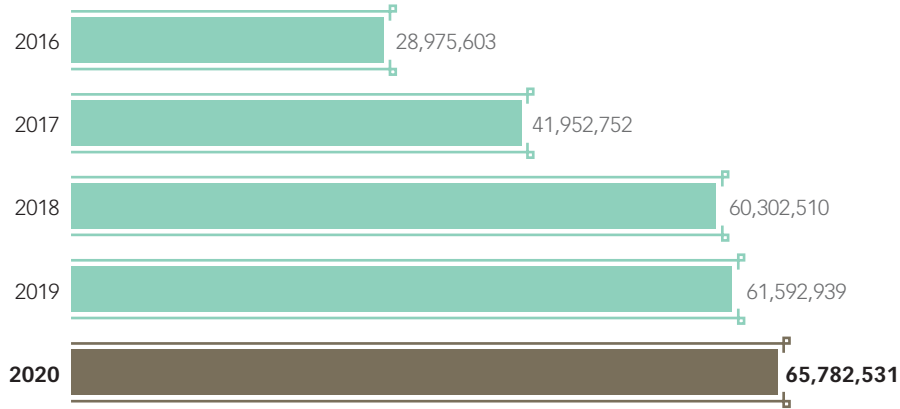
Hangzhou Yunqi Peach Garden

Financial Highlights

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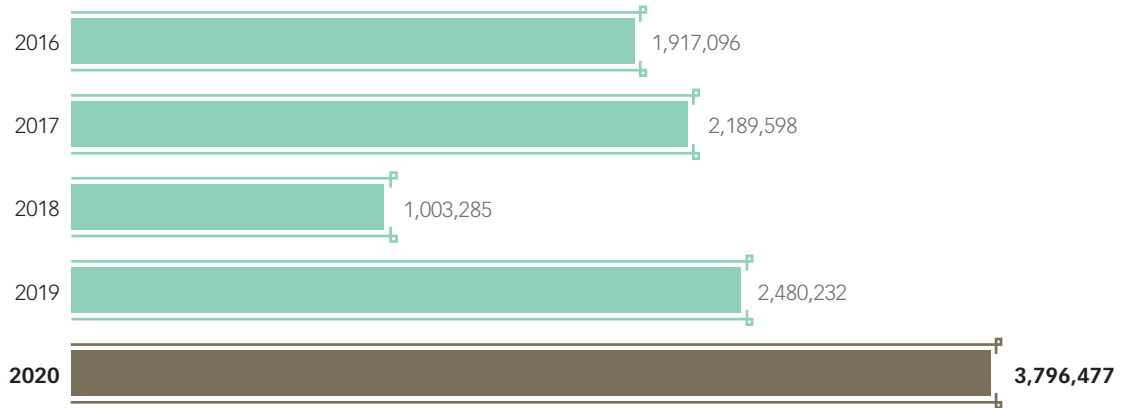
Revenue

For the year ended 31 December
(RMB'000)



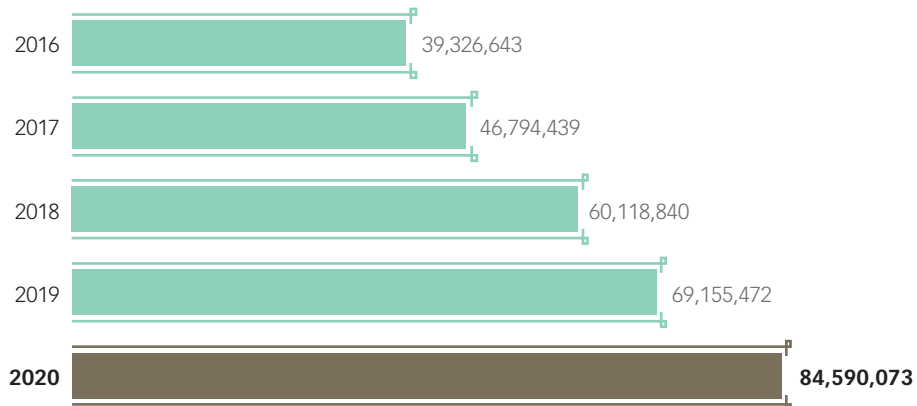
Profit attributable to Owners of the Company

For the year ended 31 December
(RMB'000)



Total equity

As at 31 December
(RMB'000)



Five Years Financial Summary

Consolidated Results

	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Revenue	28,975,603	41,952,752	60,302,510	61,592,939	65,782,531
Cost of sales	(22,953,628)	(33,877,152)	(46,550,157)	(45,952,531)	(50,209,631)
Gross profit	6,021,975	8,075,600	13,752,353	15,640,408	15,572,900
Other income	1,824,526	4,874,973	3,187,791	2,809,001	3,192,096
Expenses	(5,523,319)	(7,109,461)	(9,536,269)	(9,423,225)	(8,709,202)
Share of results of joint ventures and associates	1,425,047	549,656	500,097	926,942	697,734
Profit before taxation	3,748,229	6,390,768	7,903,972	9,953,126	10,753,528
Taxation	(1,525,686)	(3,719,803)	(5,528,742)	(6,017,704)	(4,990,647)
Profit for the year	2,222,543	2,670,965	2,375,230	3,935,422	5,762,881
Profit attributable to:					
Owners of the Company	1,917,096	2,189,598	1,003,285	2,480,232	3,796,477
Non-controlling interests	305,447	481,367	1,371,945	1,455,190	1,966,404
	2,222,543	2,670,965	2,375,230	3,935,422	5,762,881

Consolidated Assets and Liabilities

	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Total assets	169,795,629	235,828,246	279,762,744	337,092,118	414,281,848
Total liabilities	130,468,986	189,033,807	219,643,904	267,936,646	329,691,775
Total equity	39,326,643	46,794,439	60,118,840	69,155,472	84,590,073

Chairman's Statement

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*Chairman of the Board
and Executive Director*
Mr Zhang Yadong

In 2020, faced with profound changes in the industry and with strong support from our Shareholders, Greentown China actively responded by carrying out multiple measures. Thanks to our efforts, each operating indicator hit a historic high: annual contracted sales reached RMB289.2 billion, ranking among the top 10 again within the sector; growth rate of sales scale reached 43%, realizing leapfrog development; value of new investments exceeded RMB300 billion, while integrated interest costs continued to fall. The Group was awarded the "Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength" for the 16th consecutive year, ranked number one in customer satisfaction across the nation for the 10th consecutive year, and obtained authoritative recognition as the "Top Product Powers" by the mainstream institutions in the industry.

Since the beginning of the outbreak of COVID-19, we have made an accurate estimation of the situation, and set for the whole year the general development strategy of "stabilizing in the first quarter, forging ahead in the second quarter, breaking through in the third quarter, and achieving success in the fourth quarter". In particular with regard to investment strategy, for the first quarter, we strived to seize the first opportunities to acquire lands in the window period of public market during the pandemic, hence laying the foundation for the entire year; for the second quarter, we increased replenishment, and insisted prudent investment and flexible strategies amid a blazing land market in the third and fourth quarter. During the Year, we were able to control the investment schedule with significantly better investment quality, further expanding the premium land bank reserve in core urban agglomerations including the Yangtze River Delta Area

and the Bohai Rim Area. The average net profit margin of the newly-added projects increased significantly as compared to that in the previous year, and their conversion rate of sales reached 15% during the Year. Thanks to a stronger capacity for mergers and acquisitions, 25 projects were acquired through non-public market during the Year, accounting for over 40% of the total saleable value.

We consistently applied the marketing policy of "all staff, all people, all aspects" to actively respond to the pandemic and market changes, and innovated our marketing model by organizing live broadcasts hosted by estate agents and carrying out online brand activities such as "Greentown Action (綠誠行動)", "Life Developers Conference (生活開發者大會)" and "Greentown and Friends (綠城和他的朋友們)" as well as annual promotions like "Spring Plan (春天計劃)" and "Autumn Action (金秋行動)". In addition, online platforms were leveraged to boost marketing, achieving RMB20.5 billion in whole-staff marketing sales, RMB8 billion in online marketing sales and RMB7.5 billion in events marketing sales. We completed contracted sales of RMB289.2 billion throughout the Year, representing an increase of 43% as compared to 2019, with comprehensive sell-through rate of 71% and first launch sell-through rate of 78%. Despite a significant increase in the delivery scale, our customer service capability led the industry with a 27.9% fall in customer complaints received as compared to 2019 and a 99.5% satisfaction rate for handling customer complaints.

Today, the COVID-19 pandemic is still fluctuating while the international situation remains complex and volatile. China has put forward the "dual circulation" economic strategy and promulgated long-term control policies such as "three red lines" for real estate developers and "two red lines" for property loans to promote

steady and healthy development of the real estate industry. Therefore, we estimate that policy and industry stability as well as the differentiation of the market and that among competitors will become the norm. Real estate companies will shift from a finance-led growth model to a business-driven model and become more concerned about their own ability to "create cash flow". Greentown China must turn challenges into opportunities, pressure into power, and create a second growth curve centering on real estate development and project management business.

Therefore, we have spent over a year, after in-depth consideration, repeated argumentations and discussions, to formulate the Strategic 2025 Plan, which can be summarized as "one core objective, two strategic points, nine major businesses and nine key capabilities".

In the coming five years, Greentown will seek survival through scale expansion and growth through quality improvement, focusing on building the "quality benchmark among the Top 10", striving to maintain its leading position in product innovation, product quality, customer satisfaction and comprehensive performance, and ensure that our staff are the most dedicated with the best team cohesion within the sector.

In the coming five years, Greentown will lay out three main segments, namely asset-heavy, asset-light and "Greentown+", to achieve leaping development, with the scale of the three business segments basically achieving a 7:2:1 pattern.

In the coming five years, Greentown will focus on nine major businesses with the strategic pivot points of "best understanding of customers and best understanding of products": strengthening the core business of real estate development, improving the

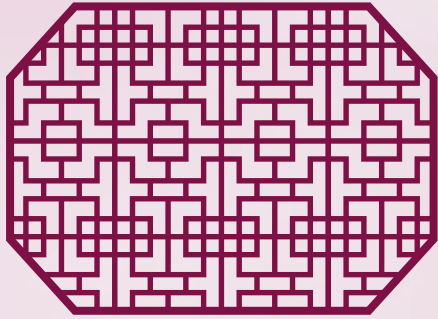
mature business of project management, undertaking seven emerging businesses such as urban renewal, healthcare services, housing 4S, living service platform, HD-EPC (Housing Decoration Engineering Principal Contracting), prefabricated interior decoration and real estate financing, and exploring the second growth curve of ideal life services. To support the implementation of the strategy, the Group will focus on building nine key capabilities, namely continuous changes, accurate investments, efficient marketing, streamlined operation, sound financial liquidity, strong commercial property operation, excellent finance, organizational support, and internal control.

Looking ahead, the Company will aim to become an "excellent student with special expertise and an all-round development" by paying more attention to operational efficiency, management efficiency and per capita effectiveness while maintaining growth in business scale; putting extra focus on improving organizational quality, team quality, operational quality and work quality while maintaining product quality; emphasizing the importance of institutional innovation and new business expansion while maintaining the core business, and strive to shift from "quality development" to "high-quality development", so as to evolve into the "No. 1 integrated service provider for an ideal life".

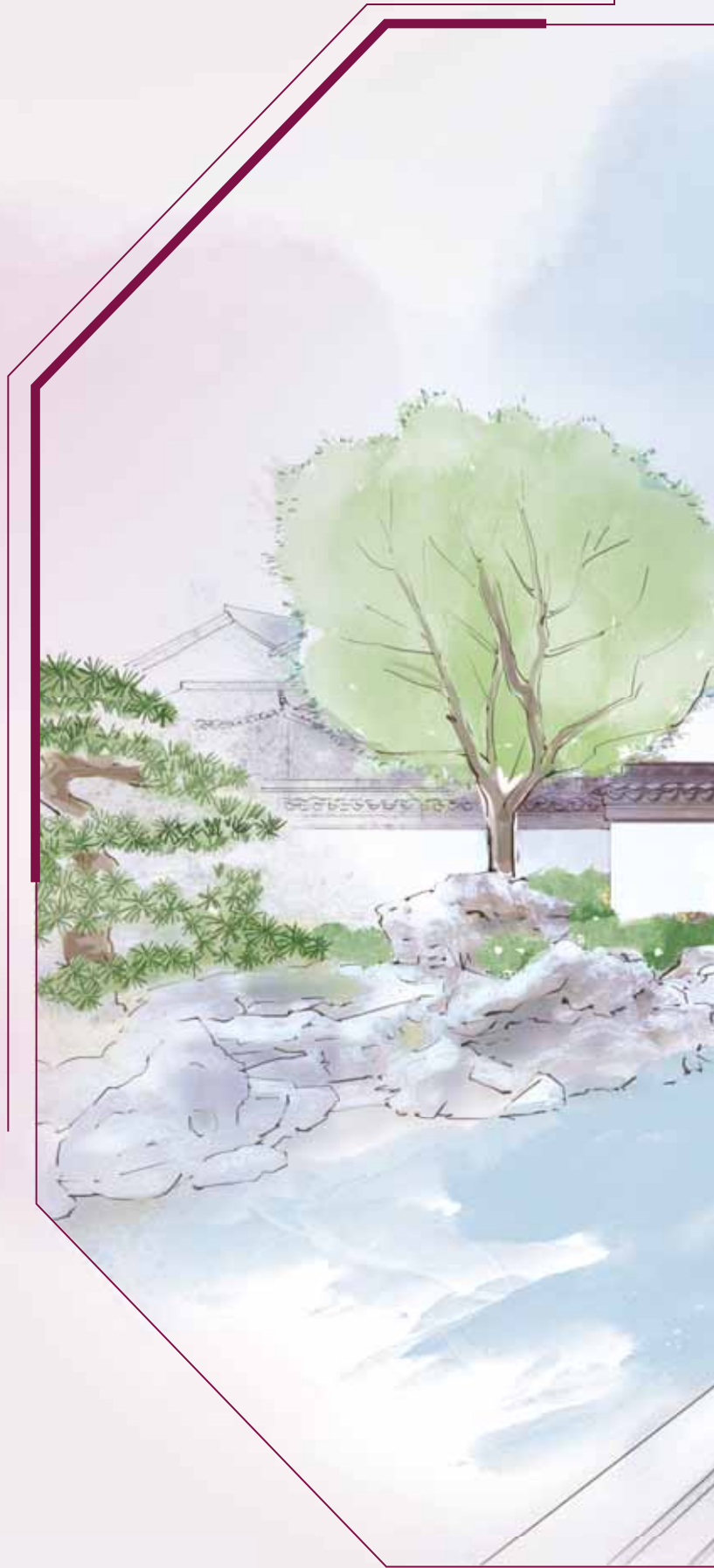
Chairman of the Board and Executive Director

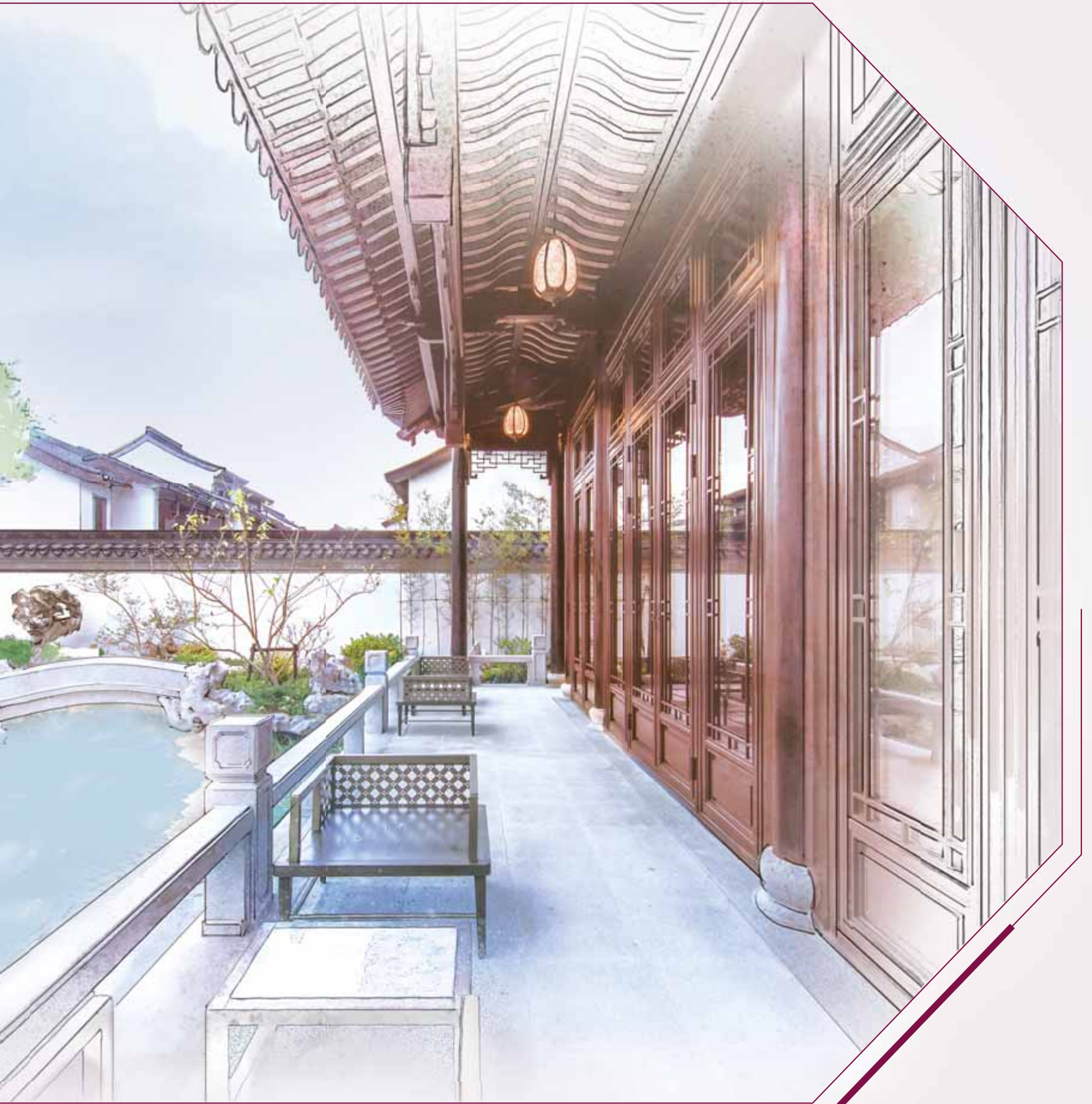
Mr ZHANG Yadong

22 March 2021



Property Portfolio





Hangzhou Xixi Yunlu

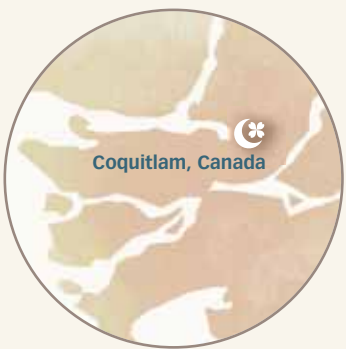
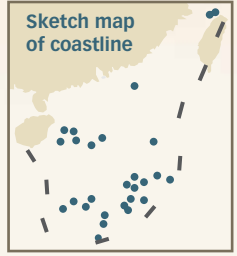
Property Portfolio

Greentown in China



Total GFA Exceeds 50.79 Million sqm

Region	No. of Projects	Percentage of GFA (%)
Yangtze River Delta Area	112	53%
Bohai Rim Area	41	20%
Greater Bay Area	7	3%
The Middle Reaches of the Yangtze River Area	8	5%
Chengdu-Chongqing Area	6	2%
Other areas in China	17	15%
Overseas	3	2%
Total	194	100%



Overseas

Note: Above map indicates only major geographical distribution of land bank.

The Yangtze River Delta Area

Zhejiang (excluding Hangzhou) 14,244,544 Total GFA (sqm) 28.0% Proportion to total land bank (%)	Hangzhou 4,377,011 Total GFA (sqm) 8.6% Proportion to total land bank (%)	Jiangsu 6,648,400 Total GFA (sqm) 13.1% Proportion to total land bank (%)	Anhui 920,300 Total GFA (sqm) 1.8% Proportion to total land bank (%)	Shanghai 496,379 Total GFA (sqm) 1.0% Proportion to total land bank (%)
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The Bohai Rim Area

Shandong 3,821,718 Total GFA (sqm) 7.6% Proportion to total land bank (%)	Liaoning 2,354,858 Total GFA (sqm) 4.6% Proportion to total land bank (%)	Beijing 1,951,375 Total GFA (sqm) 3.8% Proportion to total land bank (%)	Tianjin 1,422,188 Total GFA (sqm) 2.8% Proportion to total land bank (%)	Hebei 387,792 Total GFA (sqm) 0.8% Proportion to total land bank (%)
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The Middle Reaches of the Yangtze River Area

Hubei 1,719,920 Total GFA (sqm) 3.4% Proportion to total land bank (%)	Jiangxi 617,043 Total GFA (sqm) 1.2% Proportion to total land bank (%)	Hunan 389,507 Total GFA (sqm) 0.8% Proportion to total land bank (%)	Guangdong 1,712,681 Total GFA (sqm) 3.4% Proportion to total land bank (%)
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The Greater Bay Area

Other Areas in China

Shaanxi 4,440,084 Total GFA (sqm) 8.7% Proportion to total land bank (%)	Henan 904,764 Total GFA (sqm) 1.8% Proportion to total land bank (%)	Hainan 760,603 Total GFA (sqm) 1.5% Proportion to total land bank (%)	
Fujian 528,418 Total GFA (sqm) 1.0% Proportion to total land bank (%)	Xinjiang 525,157 Total GFA (sqm) 1.0% Proportion to total land bank (%)	Yunnan 384,564 Total GFA (sqm) 0.8% Proportion to total land bank (%)	Heilongjiang 244,519 Total GFA (sqm) 0.5% Proportion to total land bank (%)

Chengdu-Chongqing Area

Chongqing 687,800 Total GFA (sqm) 1.4% Proportion to total land bank (%)	Sichuan 415,027 Total GFA (sqm) 0.8% Proportion to total land bank (%)	Overseas 830,734 Total GFA (sqm) 1.6% Proportion to total land bank (%)
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Note: The figures of total GFA and site area are subject to adjustments due to planning changes. The relevant figures will only be finalized after project completion.

Yangtze River Delta Area

Hangzhou

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Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Hangzhou Laurel Oriental	High-Rise Apartment	80%	138,558	566,060
2 Hangzhou Center	Office	45%	22,566	244,381
3 Hangzhou Hope Town	High-Rise Apartment	45%	159,614	399,283
4 Hangzhou Yinlu	Low-Rise Apartment, Villa	90.2%	60,452	116,062
5 Hangzhou Arcadia Town	High-Rise Apartment, Low-Rise Apartment, Villa	85%	110,597	101,420
6 Hangzhou Yunqi Peach Garden	High-Rise Apartment, Villa	50%	104,268	190,008
7 Hangzhou Guiyu Chaoyang	High-Rise Apartment, Villa	50%	70,129	297,497
8 Hangzhou Xiaofeng Yinyue	High-Rise Apartment, Villa	100%	53,260	214,628
9 Hangzhou Guiyu Tinglan	High-Rise Apartment, Villa	95%	30,580	115,845
10 Hangzhou Chunyue Jinlu	High-Rise Apartment, Low-Rise Apartment	45.71%	26,865	98,989
11 Hangzhou Oriental Dawn	High-Rise Apartment, Low-Rise Apartment	49.67%	64,470	192,940
12 Hangzhou Longwu Tea Village	Commercial	51%	17,382	34,466
13 Hangzhou Lakeside Mansion	High-Rise Apartment	99.87%	61,284	246,619
14 Hangzhou Hujing Yunlu	Villa	51%	57,820	146,104
15 Hangzhou Chunlai Fenghua	High-Rise Apartment	48.62%	43,361	140,044
16 Hangzhou Guiyu Yingyue	High-Rise Apartment, Low-Rise Apartment	50%	49,995	146,550
17 Hangzhou Xihu District Sanshen Reserved Land	Commercial	24%	33,410	95,458
18 Hangzhou Mingchun Garden	Low-Rise Apartment	100%	42,610	81,443
19 Hangzhou Jianghe Mingcui	High-Rise Apartment	38.56%	44,136	182,393
20 Hangzhou Xiaoyue Chenglu	Villa	51%	66,552	128,151
21 Hangzhou Xiangfu Town	Commercial	100%	10,339	24,858
22 Hangzhou Chunlai Yating	High-Rise Apartment	33%	53,756	163,388
23 Hangzhou Wangjiang Office	Office	80%	9,096	55,094
24 Lin'an Spring Lake	High-Rise Apartment, Villa	100%	85,868	229,362
25 Lin'an Spring Blossom	High-Rise Apartment, Low-Rise Apartment, Villa	18%	82,227	136,522
26 Lin'an Mantuo Garden	Villa	80%	43,791	29,446
Subtotal			1,542,986	4,377,011

Zhejiang

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Ningbo Center	Urban Complex	49.56%	7,872	239,716
2 Ningbo Mingyue Jiangnan	High-Rise Apartment	48.89%	64,706	209,356
3 Ningbo Phoenix Mansion	High-Rise Apartment, Low-Rise Apartment	24.23%	54,099	171,917
4 Ningbo Shuangdonghui Project	Commercial	51%	6,982	14,391
5 Ningbo Xiaofeng Yinyue	High-Rise Apartment	45.37%	50,344	173,839
6 Ningbo Yonglan City	High-Rise Apartment, Low-Rise Apartment	51%	31,137	80,348
7 Ningbo Fangfei City	High-Rise Apartment, Low-Rise Apartment	51%	27,501	95,891
8 Ningbo Chunyue Jianglan	High-Rise Apartment	60%	66,094	210,417
9 Ningbo Chunyue Jinsha	High-Rise Apartment, Commercial	50.69%	28,878	82,514
10 Ningbo Chunxi Chaoming	High-Rise Apartment	51%	40,284	126,575
11 Ningbo Oriental Dawn	High-Rise Apartment	51%	72,955	218,532
12 Ningbo Chunyue Yunjin	High-Rise Apartment	50.8%	26,923	84,296
13 Ningbo High-tech District Intelligent Manufacturing Harbour Block	Office, Serviced Apartment, Industrial Factory	60%	203,323	428,516
14 Ningbo Yunqi Peach Garden	Low-Rise Apartment, Villa	51%	187,210	242,891
15 Ningbo Beilun Phoenix City Headquarter Base	Office	51%	24,528	75,031
16 Ningbo Chunyu Yunshu	High-Rise Apartment	51%	107,459	303,902
17 Ningbo Wisdom Park	Office, Commercial, Serviced Apartment	60%	4,843	10,700
18 Ningbo Hangzhou Bay Intelligent Yiju Area Block 10#, Wenlv Yiju Area Block 5#a/b	High-Rise Apartment, Low-Rise Apartment, Villa	51%	154,284	395,654
19 Ningbo Fenghua Fenglu Heming	High-Rise Apartment	37.29%	126,165	391,673
20 Ningbo Fenghua Guiyu Yingyue	High-Rise Apartment	85.04%	37,113	117,929
21 Ningbo Fenghua Guiyu Chaoyang (Chaohua Jun, Xuyang Jun)	High-Rise Apartment	85.284%/69.5871%	74,629	244,370
22 Yuyao Guiyu Lanting	High-Rise Apartment	100%	97,429	256,679
23 Yuyao Chunlan Jingyuan	High-Rise Apartment	50%	84,986	231,430
24 Yuyao Qiaoyuan	High-Rise Apartment	32.62%	19,704	47,951
25 Yuyao Fengming Yunlu	High-Rise Apartment, Low-Rise Apartment, Villa	59.5%	86,035	220,976
26 Xiangshan Osmanthus Grace	Low-Rise Apartment	85.02%	40,252	85,342
27 Xiangshan Baishawan Rose Garden	High-Rise Apartment, Hotel, Apartment	100%	150,764	113,692
28 Wenzhou Lucheng Plaza	Office, Commercial, Serviced Apartment	100%	47,628	375,410
29 Wenzhou Fengqi Yuming	High-Rise Apartment	37%	101,233	513,526
30 Wenzhou Osmanthus Grace	High-Rise Apartment	34%	63,790	255,181
31 Wenzhou Rui'an Orchid Garden	High-Rise Apartment	70%	27,430	94,859
32 Zhuji Greentown Plaza	High-Rise Apartment, Villa, Commercial	90%	44,308	252,226
33 Shengzhou Opera Town	Villa, Hotel, Commercial	32.5%	343,170	389,004

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
34 Zhoushan Changzhi Island	Integrated Community	96.88%	457,251	967,842
35 Zhoushan Qinyuan	High-Rise Apartment	77.07%	43,272	185,477
36 Taizhou Ningjiang Mingyue	Integrated Community	51%	343,071	1,034,113
37 Taizhou Tiantaishan Lotus Town	Villa, Hotel, Commercial	100%	86,598	53,874
38 Linhai Osmanthus Grace	High-Rise Apartment	100%	26,377	71,734
39 Wenling Joy Garden	High-Rise Apartment	30.9%	44,734	164,254
40 Jiaxing Liuxiangyuan	High-Rise Apartment	100%	55,043	146,725
41 Jiaxing Fenghe Jiuli	Low-Rise Apartment, Villa	20%	101,476	194,889
42 Haiyan Chunfeng Ruyi	Villa	20%	172,380	273,017
43 Jinhua Chunxi Mingyue	High-Rise Apartment	57.48%	54,047	157,620
44 Yiwu Orchid Garden	High-Rise Apartment	32%	49,826	184,067
45 Yiwu Wanjia Fenghua	High-Rise Apartment	26.01%	139,972	524,511
46 Yiwu Xiaofeng Yinyue	High-Rise Apartment	43.82%	22,437	114,956
47 Yongkang Guiyu Tinglan	High-Rise Apartment	47.62%	49,945	195,370
48 Yongkang Guiyu Yunxi	High-Rise Apartment	56%	48,333	177,206
49 Lishui Guiyu Orchid Garden	High-Rise Apartment	51.8%	89,817	255,600
50 Quzhou Lixian Future Community	High-Rise Apartment	66%	181,025	633,643
51 Quzhou Fengqi Yunlu	High-Rise Apartment, Villa	35%	63,370	126,459
52 Quzhou Chunfeng Jiangshan Town	Villa	33.33%	343,615	278,284
53 Deqing Chengnan Sci-tech City Keyuan Road East Block	Low-Rise Apartment, Villa	100%	48,828	99,056
54 Deqing Guanyun Town	High-Rise Apartment, Low-Rise Apartment, Villa	90%	186,578	275,197
55 Deqing Fengqi Chunlan	High-Rise Apartment	85.08%	38,103	101,163
56 Deqing Gongda Sincere Garden	High-Rise Apartment, Villa	40%	100,029	236,434
57 Deqing Chenyuan	High-Rise Apartment, Low-Rise Apartment	45.5%	80,665	253,139
58 Anji Angel Town	Low-Rise Apartment, Villa, Commercial	40%	424,044	640,370
59 Anji Peach Garden	Low-Rise Apartment, Villa, Commercial, Hotel	85%	233,988	144,810
Subtotal			5,988,882	14,244,544

Shanghai

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Shanghai Bund House	High-Rise Apartment, Commercial	51%	25,566	108,870
2 Shanghai Pearl City	High-Rise Apartment	34.74%	34,400	202,683
3 Shanghai Qinglan International	High-Rise Apartment	35%	32,086	184,826
Subtotal			92,052	496,379

Jiangsu

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Suzhou Willow Breeze	High-Rise Apartment, Low-Rise Apartment	75%	77,915	226,508
2 Suzhou Yipin Lan'an Huayuan	High-Rise Apartment	50.33%	88,002	213,742
3 Suzhou Guanlan Yipin Huayuan	High-Rise Apartment	49.81%	62,204	137,672
4 Suzhou Mingyue Binhe	High-Rise Apartment	48.58%	37,857	130,738
5 Suzhou Mingyue Jiangnan	High-Rise Apartment	85.06%	18,040	46,130
6 Suzhou Langyue Binhe	High-Rise Apartment	49.76%	42,139	136,679
7 Nanjing Yunqi Rose Garden	Low-Rise Apartment, Villa, Commercial	75.81%	74,504	145,951
8 Wuxi Chenfeng Yunlu	High-Rise Apartment, Low-Rise Apartment, Villa	39.9%	76,017	221,817
9 Wuxi Sincere Garden	High-Rise Apartment, Low-Rise Apartment	95.44%	71,319	204,335
10 Nantong Orchid Garden	High-Rise Apartment, Villa	61%	34,904	105,349
11 Nantong Xiaofeng Yinyue	High-Rise Apartment	70%	31,398	108,009
12 Nantong Guiyu Jiangnan	High-Rise Apartment	59.55%	44,090	111,254
13 Nantong Rudong Mingyue Jiangnan	High-Rise Apartment	68.33%	63,545	182,002
14 Nantong Qidong Haishang Mingyue	High-Rise Apartment, Low-Rise Apartment, Villa, Commercial, Hotel	50%	1,008,941	2,511,162
15 Nantong Hujing Helu	High-Rise Apartment, Villa	64.35%	65,068	133,857
16 Nantong Sincere Garden	High-Rise Apartment, Commercial	60%	104,771	286,652
17 Nantong Hai'an Guiyu Tinglan	High-Rise Apartment	70%	39,871	108,189
18 Xuzhou Sincere Garden	High-Rise Apartment	77.96%	73,243	226,136
19 Suqian Liyuanwan Town	High-Rise Apartment, Villa, Commercial, School	100%	167,894	226,199
20 Yancheng Tinghu District Blocks 20201801 & 20201802	Villa, Office, Commercial	53.46%	351,052	968,320
21 Taizhou Guiyu Tinglan	High-Rise Apartment	79.31%	79,977	217,699
Subtotal			2,612,751	6,648,400

Anhui

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Hefei Sincere Garden	High-Rise Apartment, Low-Rise Apartment	49.5%	150,063	439,997
2 Hefei Orchid Garden	High-Rise Apartment, Low-Rise Apartment	48.31%	102,065	323,642
3 Hefei Spring Blossom	Villa	100%	101,467	156,661
Subtotal			353,595	920,300

Bohai Rim Area

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Beijing Aohai Mingyue	High-Rise Apartment, Low-Rise Apartment	42.28%	68,009	283,443
2 Beijing Hejin Sincere Garden	High-Rise Apartment	49.81%	78,681	273,654
3 Beijing Jinmao Palace	High-Rise Apartment	25%	21,023	99,635
4 Beijing Mingyue Tinglan	High-Rise Apartment, Low-Rise Apartment	70%	27,526	73,136
5 Beijing Shuiying Lanting	High-Rise Apartment	51%	41,663	113,061
6 Beijing Xifu Haitang	High-Rise Apartment, Low-Rise Apartment	34%	176,499	577,959
7 Beijing One Liangma	High-Rise Apartment	40%	47,769	187,954
8 Beijing Yihe Jinmao Palace	Low-Rise Apartment	40%	44,507	113,088
9 Beijing Majestic Mansion	Low-Rise Apartment	100%	241,247	229,445
10 Tianjin Sincere Garden	High-Rise Apartment, Low-Rise Apartment, Office, Commercial	41%	91,271	350,960
11 Tianjin Chunxi Mingyue	High-Rise Apartment, Low-Rise Apartment	60%	142,380	328,754
12 Tianjin Spring Blossom	High-Rise Apartment, Villa	100%	253,402	267,830
13 Tianjin Xiqing Miyun Road Project	High-Rise Apartment, Low-Rise Apartment	49%	90,036	357,872
14 Tianjin Yujiangtai	High-Rise Apartment, Villa	33%	45,791	116,772
15 Jinan Sincere Garden	High-Rise Apartment	100%	20,846	71,605
16 Jinan Oriental Dawn	High-Rise Apartment, Low-Rise Apartment	45%	177,226	589,929
17 Jinan Guiyu Chaoyang	High-Rise Apartment	50%	85,025	225,015
18 Jinan Mingyue Fenghe	High-Rise Apartment, Low-Rise Apartment, Villa	100%	44,676	93,601
19 Jinan Tianchen Longfor Mansion	Low-Rise Apartment, Villa	20%	20,539	37,624
20 Jinan New East Station Project	Villa	100%	64,214	148,579
21 Jinan Yulan Garden	High-Rise Apartment, Low-Rise Apartment, Villa	50%	114,502	294,369
22 Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	80%	160,840	444,424
23 Qingdao Deep Blue Center	Commercial, Office, Serviced Apartment	40%	22,701	230,308
24 Yantai Orchid Garden	High-Rise Apartment	100%	104,523	286,646
25 Yantai Zhifu District Yulong Mountain Project	Low-Rise Apartment	100%	38,650	75,131
26 Zibo Lily Garden	High-Rise Apartment	100%	34,485	150,258
27 Dongying Ideal City	High-Rise Apartment, Low-Rise Apartment	49%	319,482	673,931
28 Jining Hupan Yunlu	Villa	45.27%	214,050	394,558
29 Qufu Sincere Garden	High-Rise Apartment	100%	52,682	105,740
30 Shenyang National Games Village	Integrated Community	50%	110,465	225,593

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
31 Shenyang Shenbei New District Xianlin Golden Valley Project	High-Rise Apartment, Low-Rise Apartment, Villa	35%	268,162	589,015
32 Shenyang Yuhong District Beautiful Island and Xinhua Bay Projects	High-Rise Apartment, Villa	35%	283,038	479,948
33 Dalian Sincere Garden	High-Rise Apartment, Low-Rise Apartment	62%	83,000	233,830
34 Dalian Hupan Helu	Low-Rise Apartment, Villa	88%	185,334	212,343
35 Dalian Orchid Garden	Low-Rise Apartment	44.06%	11,987	22,383
36 Dalian Mingyue Tinglan	High-Rise Apartment	100%	8,197	68,231
37 Dalian Shahekou District Dongbei Road Dachai TOD Block	High-Rise Apartment, Low-Rise Apartment	49%	28,528	99,380
38 Dalian Zhongshan District Donggang Business Area Projects E20 & E22	Serviced Apartment, Commercial	51.48%	45,900	269,420
39 Dalian Rose Garden Wine Town	Low-Rise Apartment, Villa, Hotel	60%	294,198	154,715
40 Shijiazhuang Osmanthus Grace	High-Rise Apartment	94.45%	42,250	134,493
41 Shijiazhuang Guiyu Tinglan	High-Rise Apartment	99%	60,667	253,299
Subtotal			4,265,971	9,937,931

Greater Bay Area

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Guangzhou Park Lane	High-Rise Apartment, Villa	16.7%	38,757	276,820
2 Guangzhou Willow Breeze	High-Rise Apartment	29.96%	45,234	140,629
3 Guangzhou Xiaofeng Yinyue	High-Rise Apartment	49.24%	40,165	115,444
4 Guangzhou Nansha Hengli Block 2020NJY-17	High-Rise Apartment, Serviced Apartment	33%	22,720	112,976
5 Foshan Young City	High-Rise Apartment, Serviced Apartment	41%	112,717	325,930
6 Foshan Yunyue Jiangshan	High-Rise Apartment	20.63%	189,897	563,213
7 Foshan Guiyu Yingyue	High-Rise Apartment, Commercial	100%	43,229	177,669
Subtotal			492,719	1,712,681

The Middle Reaches of the Yangtze River Area

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Wuhan Phoenix Mansion	High-Rise Apartment, Villa	80%	99,200	199,186
2 Wuhan Fengqi Tinglan	High-Rise Apartment	14%	78,609	465,185
3 Wuhan Sincere Garden	High-Rise Apartment	100%	33,333	122,624
4 Wuhan Guiyu Chaoyang	High-Rise Apartment	70%	123,479	594,982
5 Wuhan Jinlin Jiuli	High-Rise Apartment, Villa	31.25%	116,004	337,943
6 Changsha Bamboo Garden	Villa	49.47%	435,757	171,813
7 Changsha Mingyue Jiangnan	High-Rise Apartment, Villa	50%	72,155	217,694
8 Gao'an Bafuluo	Villa	34%	533,458	617,043
Subtotal			1,491,995	2,726,470

Chengdu-Chongqing Area

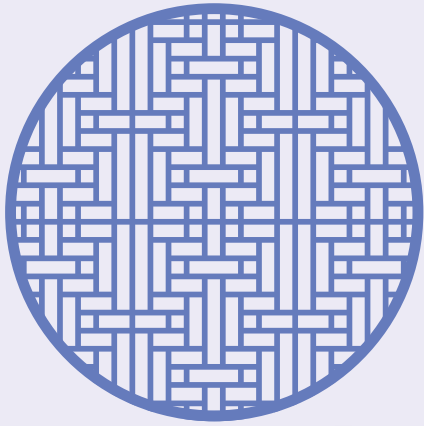
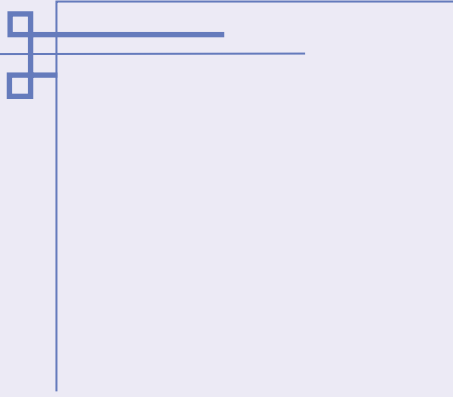
Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Chengdu Sincere Garden	High-Rise Apartment	45%	70,282	265,524
2 Chengdu Sichuan Cuisine Town	Villa, Commercial	60%	91,782	55,520
3 Meishan Pengshan Hupan Yunlu	High-Rise Apartment, Villa	100%	45,140	93,983
4 Chongqing Xiaofeng Yinyue	High-Rise Apartment, Low-Rise Apartment	100%	96,079	212,541
5 Chongqing Guiyu Jiuli	High-Rise Apartment, Villa	49%	56,931	197,429
6 Chongqing Chunxi Yunlu	Low-Rise Apartment	100%	137,127	277,830
Subtotal			497,341	1,102,827

Other Areas in China

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Hainan Blue Town	Integrated Community	51%	862,458	760,603
2 Xi'an National Games Village	High-Rise Apartment, Villa, Hotel	51%/80%	640,335	2,223,319
3 Xi'an Chunfeng Xinyu	High-Rise Apartment, Commercial	86%	482,982	2,216,765
4 Fuzhou Guiyu Yingyue	High-Rise Apartment	50%	50,735	165,828
5 Fuzhou Haitang Yingyue	Low-Rise Apartment	100%	18,479	40,004
6 Fuzhou Rongxin Yingyue	High-Rise Apartment	26%	49,489	224,132
7 Fuzhou Wenlan Mingyue	High-Rise Apartment	51%	36,671	98,454
8 Xinjiang Lily Apartment	Commercial, Office, Serviced Apartment	58%	32,370	215,479
9 Xinjiang Mingyue Lanting	High-Rise Apartment	51.49%	132,464	309,678
10 Zhengzhou Hupan Yunlu	High-Rise Apartment	69.53%	56,248	142,018
11 Zhengzhou Mingyue Binhe	High-Rise Apartment	36.41%	80,811	223,271
12 Zhengzhou Yanming Lake Rose Garden	Low-Rise Apartment, Villa, Hotel	100%	271,135	272,542
13 Kaifeng Longting District Cultural Investment Project	Villa	51%	68,740	85,235
14 Xinyang Lily City	High-Rise Apartment, Low-Rise Apartment	20%	77,662	181,698
15 Kunming Sincere Garden	High-Rise Apartment	100%	30,504	127,529
16 Kunming Shuangta Block KCXS 2019-16	High-Rise Apartment, Serviced Apartment	100%	48,097	257,035
17 Daqing Majestic Mansion	High-Rise Apartment, Low-Rise Apartment, Villa	100%	134,975	244,519
Subtotal			3,074,155	7,788,109

Overseas

Projects	Type of Properties	Equity	Site Area (sqm)	GFA (sqm)
1 Indonesia Jakarta Project	High-Rise Apartment, Commercial	10.1%	136,314	778,952
2 Canada Coquitlam Project	High-Rise Apartment	40%	6,934	13,611
3 Seattle Graystone	High-Rise Apartment	70%	2,006	38,171
Subtotal			145,254	830,734



Management Discussion and Analysis





Zhoushan Changzhi Island Ruxin Town Young City Mingliuyuan

Management Discussion and Analysis

024



Deqing Fengqi Yunlu

Operation Review

In 2020, China's GDP exceeded the RMB100 trillion threshold for the first time, which has fully demonstrated the country's strength and resilience, despite a complex and severe international environment as well as the impact of COVID-19. In view of the internal and external situation, the central government proposed constructing a new "dual circulation" development pattern centering on domestic and international economic cycles, giving full play to tapping the potential of domestic demand and channeling capital into the real economy.

The real estate market in the PRC followed the economic recovery with the acceleration rate turning from negative to positive. In 2020, the sales area of commercial housing across the nation reached 1.76 billion sqm, representing a year-on-year growth of 2.6%; the sales amount of commercial housing amounted to RMB17.4 trillion, representing a year-on-year growth of 8.7%. The scale hit a record high but the growth rate slowed down, showing a consolidation pattern at a high level. In respect of the capital, long-term control policies such as "Three Red Lines" and "Two Red Lines" were promulgated in

August and December 2020 respectively in order to promote a steady and healthy development of the real estate market, prevent financial risks, and enhance prudent financing in the industry. From the industry's perspective, real estate developers would shift from a finance-led growth model to a business-driven model emphasizing "high quality and high cost-effectiveness" and the concentration in the industry would accelerate, with the gap between large and small-and-medium real estate developers being further widened.

Given that the industry is undergoing profound changes, Greentown China has responded in a timely manner and taken multiple measures, obtaining milestone achievements such as ranking 8th in sales scale across the country¹ as well as hitting a record high in newly added investment value. Upholding the “quality first” development strategy, the Group ranked first in “Top 100 Chinese Real Estate Companies by Product Quality in 2020”, and was awarded the “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength” for 16 consecutive years. It also ranked number one in customer satisfaction for 10 consecutive years and entered the list of “Top 10 Chinese Real Estate Companies by Brand Value in 2020”² with a comprehensive branding value reaching RMB86.8 billion.

Steady Improvement in Operating Results

During the Year, the Group generated revenue of RMB65,783 million, representing an increase of 6.8% from RMB61,593 million in 2019. Profit for the year amounted to RMB5,763 million, representing an increase of RMB1,828 million or 46.5% from RMB3,935 million in 2019. During the Year, profit attributable to owners of the Company amounted to RMB3,796 million, representing an increase of RMB1,316 million or 53.1% from RMB2,480 million in 2019. After deducting the net post-tax effects of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment

losses on certain assets and fair value adjustments on certain assets, the core net profit (non-GAAP measure adopted for illustrating the Group’s performance results from natural growth and operation of its principal business and enabling comparison of business performance across different periods) attributable to owners of the Company amounted to RMB3,993 million, representing a certain decrease when compared to RMB4,336 million in 2019, mainly due to the decrease in gross profit margin.

The Board has recommended the payment of a final dividend of RMB0.35 per share for the year ended 31 December 2020 (2019: RMB0.30 per share).

Ranks 8th in Sales Scale in the PRC

In 2020, the Group achieved a satisfactory performance with contracted sales hitting another new high and ranked the 8th in the PRC¹. For the twelve months ended 31 December 2020, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 13.85 million sqm and a total contracted sales amount of RMB289.2 billion, representing a year-on-year growth of 43% and the yearly target completion rate of 116%. Among which, Greentown Group recorded a total contracted sales area of 8.25 million sqm from self-investment projects and the contracted sales amount of approximately RMB214.7 billion, representing a year-on-year growth

of 59%, of which approximately RMB119.4 billion was attributable to the Greentown Group, representing a year-on-year growth of 55%; average selling price of self-investment projects reached an industry-leading level of approximately RMB26,012 per sqm (2019: RMB25,936 per sqm). In addition, in 2020, Greentown Group recorded a total contracted sales area of approximately 5.60 million sqm and a total contracted sales amount of approximately RMB74.5 billion from the projects under its project management business with the “Greentown” brand (non-self-investment projects, referred to as “projects under project management”).

Remarkable Results from “Deepening Footprints in Cities”

The Group applied the marketing policy of “all staff, all people, all aspects” with huge success and recorded contracted sales of over RMB5 billion respectively in ten cities, among which the Group recorded contracted sales of over RMB20 billion in each of the following cities: Hangzhou, Beijing and Ningbo. Seven projects recorded sales of over RMB4 billion respectively, among which Beijing Aohai Mingyue attained a sales amount exceeding RMB6 billion. Both the sell-through rate and the cash collection rate remained at a sound level in the industry. The overall sell-through rate of self-investment projects reached 71%, with that in the first- and second-tier cities reaching 72%. The sell-through rate of the newly launched projects was outstanding, reaching 74%.

Notes 1: Ranking of Real Estate Developers by Sales, 2020 (CRIC) (克而瑞2020房企操盘榜排名)

2: Organised by China Real Estate News (中國房地產報), Fangchan.com (中國房地產網), Zhongfang New Media (中房報新媒體), Zhongfang Think Tank (中房智庫), etc.

Newly Added Land Bank Hits Record Highs

In 2020, the Group acquired 85 new projects in 41 cities with a total gross floor area (“GFA”) of approximately 20.41 million sqm, representing a year-on-year increase of 65%. It is estimated that newly-added saleable value amounted to RMB328.8 billion, representing a year-on-year increase of 60%, of which approximately RMB188.5 billion will be attributable to the Group, representing a year-on-year growth of 74%. The costs borne by the Group amounted to approximately RMB84.2 billion; the average land cost of the new land parcels was approximately RMB7,089 per sqm. Nearly 15% of the newly-added saleable value was converted to sales in the same year, representing a year-on-year growth of 11 percentage points. Project launch schedule was continuously optimized, which effectively supported the growth of the sales scale for the Year and the future.

Gradual Diversification of Investment Channels

The Group proactively broadened its investment channels, enhancing efforts in land acquisition in non-public market. By non-public market channels such as mergers and acquisitions, urban renewal, and etc, the Group has acquired 25 projects with an estimated saleable value of RMB132.6 billion, accounting for 40% of the newly-added saleable value. Projects acquired by mergers and acquisitions included high quality ones securing from Xinhua Zhongbao and Wuhan Guiyu Chaoyang. The Company also set up strategic cooperation with enterprises such as Fosun, etc. In respect of urban renewal, the Group obtained high quality projects such as Shijiazhuang Guiyu Tinglan and Zhaobukou. To further optimize the management and control mechanism of the businesses in non-public market, both the Group and each of regional companies have established special groups to orderly expand the investment channels.

Continuing Perfection of Geographical Distribution

The Group reinforced the strategy of “focusing on regions and deepening footprints in cities”, and implemented “1+5+N” layout, centering on Zhejiang and the five major urban agglomerations (namely, Yangtze River Delta, Bohai Rim, Greater Bay Area, middle reaches of the Yangtze River and Chengdu-Chongqing), and N key node cities as well as provincial cities. In 2020, the Group placed emphasis on the layout of first- and second-tier cities as well as quality third- and fourth-tier cities, further expanded the land bank in core urban agglomerations in Yangtze River Delta Area and the Bohai Rim Area, newly tapped into cities with potential like Shijiazhuang, Yantai, Taizhou and Quzhou, and acquired multiple premium land parcels. During the year under review, the newly-added saleable value of first- and second-tier cities accounted for 72%, mainly situated in high risk resistant cities like Beijing, Hangzhou, Ningbo, Nantong and Shanghai. In respect of geographical distribution, the Yangtze River Delta as an area of strategic importance accounted for 61% of the newly-added saleable value, which helped consolidate Greentown China’s market share and industry position in the Yangtze River Delta Area.



Ningbo Fenghua Changting Yunlu

Table of Newly-Added Land Bank in 2020

No.	Land/Project Name	Acquired by	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
1	Hangzhou Chunlai Fenghua	Auction	48.62%	1,311	140,044
2	Hangzhou Guiyu Yingyue	Auction	50%	480	146,550
3	Hangzhou Jianghe Mingcui	M&A	38.56%	2,175	182,393
4	Hangzhou Xiaoyue Chenglu	Auction	51%	1,485	128,151
5	Hangzhou Xiangfu Town	Auction	100%	114	24,859
6	Hangzhou Laurel Oriental	Auction	80%	8,673	566,060
7	Hangzhou Xihu District Sanshen Reserved Land	Auction	24%	196	95,458
8	Hangzhou Mingchun Garden	Auction	100%	1,209	81,443
9	Hangzhou Chunlai Yating	Auction	33%	989	163,388
10	Linan Spring Lake	Auction	100%	2,135	229,362
11	Ningbo Chunyue Jianglan	M&A	60%	806	210,417
12	Ningbo Chunyue Jinsha	Auction	50.69%	710	82,514
13	Ningbo Chunxi Chaoming	Auction	51%	1,470	126,575
14	Ningbo Oriental Dawn	Auction	51%	1,811	218,532
15	Ningbo Chunyue Yunjin	Auction	50.8%	728	84,296
16	Ningbo Yunqi Peach Garden	Auction	51%	952	242,891
17	Ningbo High-tech District Intelligent Manufacturing Harbour Industrial and Commercial Blocks	Auction	60%	347	428,516
18	Ningbo Fenghua Fenglu Heming	Auction	37.29%	1,218	391,673
19	Ningbo Beilun Phoenix City Headquarters Base	Auction	51%	65	75,031
20	Ningbo Chunyu Yunshu	Auction	51%	1,730	303,902
21	Ningbo Hangzhou Bay Intelligent Yiju Area Block 10#, Wenyong Yiju Area Block 5#a/b	M&A	51%	638	395,654
22	Ningbo Xiangshan Osmanthus Grace	Auction	85.02%	280	85,342
23	Yuyao Chunlan Jingyuan	Auction	50%	1,273	231,430
24	Wenzhou Osmanthus Grace	Auction	34%	864	255,181
25	Wenzhou Ruian Orchid Garden	Auction	70%	749	94,859
26	Lishui Guiyu Lanting	Auction	51.8%	1,124	255,600
27	Yiwu Xiaofeng Yinyue	Auction	43.82%	530	114,956
28	Zhoushan Changzhi Island Ruxin Town	Auction	96.88%	68	32,893
29	Jinhua Chunxi Mingyue	Auction	57.48%	804	157,620
30	Yongkang Guiyu Yunxi	Auction	56%	560	177,206

No.	Land/Project Name	Acquired by	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
31	Shengzhou Opera Town	Auction	32.5%	20	59,803
32	Quzhou Chunfeng Jiangshan Town	M&A	33.33%	186	278,283
33	Quzhou Fengqi Yunlu	M&A	35%	407	126,459
34	Quzhou Lixian Future Community	Auction	66%	1,486	633,643
35	Anji Peach Garden Blocks 19, 20, 2018-8, 2018-31	Auction	100%	270	96,224
36	Anji Angel Town Changshuo Street Blocks 2019-16-1 & 17	M&A	40%	181	121,939
37	Deqing Gongda Sincere Garden	Auction	40%	61	236,434
38	Deqing Chengyuan Phases I & II	Auction/M&A	45.5%	507	253,139
39	Deqing Chengnan Sci-tech City Keyuan Road East Block	Auction	100%	868	99,056
40	Linhai Osmanthus Grace	Auction	100%	672	71,734
41	Shanghai Qinglan International	M&A	35%	1,900	184,826
42	Suzhou Mingyue Jiangnan	Auction	85.06%	255	46,130
43	Suzhou Mingyue Binhe	Auction	48.58%	772	130,738
44	Suzhou Langyue Binhe	M&A	49.76%	849	136,679
45	Wuxi Chenfeng Yunlu	M&A	39.9%	1,092	221,817
46	Suqian Liyuanwan Town	Auction	100%	380	226,199
47	Nantong Rudong Mingyue Jiangnan	Auction	68.33%	556	182,002
48	Nantong Qidong Haishang Mingyue	M&A	50%	1,824	2,511,162
49	Nantong Hujing Helu	Auction	64.35%	681	133,857
50	Nantong Haian Guiyu Tinglan	Auction	70%	623	108,189
51	Yancheng Tinghu District Blocks 20201801 & 20201802	Auction	53.46%	1,073	968,320
52	Taizhou Guiyu Tinglan	Auction	79.31%	1,527	217,699
53	Beijing Aohai Mingyue	Auction	42.28%	2,689	283,443
54	Beijing Hejin Sincere Garden	Auction	49.81%	3,337	273,654
55	Beijing Mingyue Tinglan	Auction	70%	944	73,136
56	Beijing Yihe Jinmao Palace	M&A	40%	1,870	113,088
57	Beijing Jinmao Palace	M&A	25%	705	99,635
58	Tianjin Sincere Garden	Auction	41%	476	78,733
59	Jinan Tianchen Longfor Mansion	M&A	20%	43	37,624
60	Jinan Guiyu Chaoyang	Auction	50%	443	225,015

No.	Land/Project Name	Acquired by	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
61	Jinan Oriental Dawn	M&A	45%	1,277	589,929
62	Yantai Orchid Garden	Auction	100%	1,553	286,646
63	Yantai Zhifu District Yulong Mountain Project	Auction	100%	543	75,131
64	Dalian Hupan Helu	M&A	88%	388	212,343
65	Dalian Mingyue Tinglan	Auction	100%	513	68,231
66	Dalian Shahekou District Dongbei Road Dachai TOD Block	Auction	49%	242	99,380
67	Dalian Zhongshan District Donggang Business Area Projects E20 & E22	M&A	51.48%	1,137	269,420
68	Shenyang Shenbei New District Xianlin Golden Valley Project	M&A	35%	206	589,015
69	Shenyang Yuhong District Beautiful Island and Xinhu Bay Projects	M&A	35%	172	479,948
70	Shijiazhuang Osmanthus Grace	M&A	94.45%	482	134,493
71	Shijiazhuang Guiyu Tinglan	Auction	99%	1,274	253,300
72	Wuhan Guiyu Chaoyang	M&A	70%	2,696	594,982
73	Wuhan Sincere Garden	M&A	100%	616	122,624
74	Changsha Mingyue Jiangnan	Auction	49.9%	365	217,694
75	Guangzhou Nansha Hengli Block 2020NJY-17	M&A	33%	521	112,976
76	Foshan Guiyu Yingyue	Auction	100%	2,274	177,669
77	Chengdu Sichuan Cuisine Town	Auction	60%	113	55,520
78	Meishan Pengshan Hupan Yunlu	Auction	100%	197	93,983
79	Xi'an Chunfeng Xinyu	M&A	86%	2,513	1,071,519
80	Fuzhou Guiyu Yingyue	Auction	50%	1,594	165,828
81	Fuzhou Haitang Yingyue	Auction	100%	439	40,004
82	Fuzhou Wenlan Mingyue	Auction	51%	328	98,454
83	Kaifeng Longting District Cultural Investment Project	M&A	51%	394	85,235
84	Kunming Shuangta Block KCXS2019-16	M&A	100%	1,740	257,035
85	Xinjiang Mingyue Lanting	Auction	51.49%	426	309,677
Total				84,194	20,412,492

As at 31 December 2020, Greentown Group had a total of 194 land reserve projects (including those under and pending construction) with a GFA of approximately 50.79 million sqm, of which approximately 29.24 million sqm was attributable to the Group. The total saleable area was approximately 33.68 million sqm, of which approximately 19.22 million sqm was attributable to the Group. The average GFA land cost was approximately RMB6,562 per sqm. Land reserve in first- and second-tier cities accounted for 73% of the total saleable value.

Multidimensional Development of Featured Projects

In addition to traditional real estate investment and development businesses, the Group strives to create new driving forces and growth poles for future profit, stays active in the exploration of featured business, establishes an innovation department, as well as coordinates and accelerates the expansion and implementation of featured businesses such as town development, TOD (Transit Oriented Development), urban renewal and city-industry integration projects.

Consolidating Strengths of Town Business.

In the newly added land bank in 2020, there were a total of 13 town projects (including those newly acquired land parcels of the existing town projects) with a GFA of 4.77 million sqm and saleable value of RMB49 billion, further expanding its business landscape. As of 31 December 2020, the Group's town business had extended to 20 cities. The Group has rich town industrial resources, with four themes covering agricultural tourism, healthcare, scientific and cultural innovation as well as education and training. Currently, we have 123 contracted industrial partnership resources, including introducing the high-end resort brand "Hoshino" into China for the first time and launching it in Taizhou Lotus Town. During the year under review, Greentown Town Group* (綠城小鎮集團) was awarded the

winner of "Featured Towns Operators in China" ("中國特色小鎮運營商") by China Index Academy in 2020, leading the industry in terms of development level; it was also selected as the chief editorial division of the "Evaluation Standards for Featured Towns and Large-scale City-industry Projects" ("特色小鎮暨大型產城項目評價標準") organized by the China Real Estate Chamber of Commerce, to participate in the development of industry standards.

Diversified Development of Featured Properties.

In terms of TOD business, the Group has seized the strategic opportunity created by the national "New Infrastructure" policy and established strategic cooperation with railway transportation groups in various regions, implementing a nationwide layout strategy focusing on multi-category and multi-type businesses. As of January 2021, it had launched 16 TOD projects, spreading across a number of city clusters covering the Yangtze River Delta Area, Bohai Rim Area and the Greater Bay Area. In respect of urban renewal, it had successfully won the tender for the reconstruction projects of four old communities in Hangzhou and implemented the first future community project in Quzhou. With regard to city-industry integration, the Group had accurately positioned industries and successfully signed cooperation agreements with the local government in Nanjing and Nanning.

Improved Quality and Efficiency in Operation

The Group has achieved significant results in respect of operational efficiency. During the year under review, newly commenced GFA witnessed a year-on-year growth of 41% to 13.2 million sqm; completed GFA saw a year-on-year growth of 31% to 7.6 million sqm. Overall project operation cycle from land acquisition to construction commencement, to presale, to positive return on shareholders' investment and to delivery was significantly accelerated by 27%, 29%, 21% and 7%, respectively. And the cycle from land acquisition to finalization of design proposals was accelerated by 27% year-on-year.

Steady Improvement in Efficiency Per Capita.

The Group actively implemented project group management to improve efficiency per capita. In 2020, three project groups were upgraded to city companies. At present there are 30 project groups, giving full play to resource coordination and efficiency enhancement. In 2020, sales per capita saw a year-on-year growth of 11% to RMB93.4 million, area under construction per capita saw an increase of 15% to 11,000 sqm. In addition, win-win mechanism has achieved huge success, supporting the implementation of strategic plans, promoting quality investment, accelerating operation efficiency and facilitating profitability growth.

No.1 for Product Quality in Nation

Greentown China aims to improve people's living quality by insisting on the product-oriented concept and continuously upgrading product innovations. During the Year, it won a total of 41 comprehensive national awards, including the top spot in the "Top 100 China Real Estate Developers by Product Quality in 2020 (2020年中國房地產企業產品力排行榜TOP100)" by CRIC, with product quality highly recognized in the industry. In respect of project construction, it endorsed the artisan spirit, as well as fully promoting Japanese-style management, industrialized technology application, integrated operations to enable efficiency and smart sites. It also held on-site demonstration of "standardized, industrialized, digitalized and eco-friendly" construction to continuously boost the level of project construction. Moreover, the Group has established a design-sharing center, which coordinates with the construction research center to provide multidimensional safeguards to consolidate its leading position in product quality.

No.1 in Customer Satisfaction

The Group has continuously upgraded its marketing and service system. A marketing system with customers as its core, brand as its target, marketing as its means and customer services as its quality has been well-established. According to the "2020 Chinese Urban Residents' Satisfaction (2020中國城市居民居住滿意度)" survey, Greentown China led the industry with a score of 90.2 and won the first place in overall satisfaction across 13 cities. In addition, the Group's customer service standard continued to improve, with a 99.5% satisfaction rate for customer complaints against a significant rise in the delivery scale.

Successful Listing of Greentown Management

Greentown Management under the Group was spun off and officially listed on the Main Board of the Hong Kong Stock Exchange on 10 July 2020, becoming the "first stock of project management in China" with a view to consolidating its leadership position in the industry and continuing to lead the innovation and development of China's project management industry. With excellent construction capabilities, high-quality products and standardized operation models, Greentown Management earns the trust of customers. It was honored with the "Capital Market Influential New Stocks of China in 2020 (2020中國年度資本市場影響力新股)", the "Emerging Companies in the China Capital Market in 2020 (2020年中國資本市場新銳企業)" awards, as well as the "Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業)" for four consecutive years.

Leading the Industry with Accelerated Growth.

Greentown Management has diversified business segments, including commercial project management business and government project management business. Commercial project management business has provided management services throughout the property development process to enhance the efficiency of property development, improve quality and competitiveness and embody management value; government project management business has achieved quality control and cost management and gained high recognition from different sectors of the society and generated outstanding social benefits. As of 31 December 2020, the total GFA

of the contracted projects under project management business of the Group amounted to approximately 76.1 million sqm.

Healthy Financial Condition and Smooth Financing Channels

The Group has adhered to a sound financial policy and maintained a stable financial position while meeting its annual financing targets, with financing rates continuing to reach record lows. As at 31 December 2020, the Group's bank deposits and cash (including pledged bank deposits) amounted to RMB65.203 billion, with a net gearing ratio of 63.8% and a weighted average interest cost of total borrowings of 4.9%, representing a decrease of 40 bps from 5.3% in 2019.

Greentown China is highly recognized by international capital markets and was included in both the MSCI China Index and the MSCI China All Shares Index in November 2020, which contributed to enhancing its reputation in capital markets and increasing the liquidity of its shares.

Cost of Offshore Financing at Record Lows.

In terms of the USD bonds issuance, in July 2020, the 5-year (non-redeemable in the first three years) USD300 million senior notes with a coupon rate of 5.65% were issued, and in October, the 4.5-year (non-redeemable in the first 2.5 years) USD300 million senior notes with a coupon rate of only 4.7% were successfully issued, which was the lowest in the history of Greentown China's medium to long term USD senior notes issuance at that time. Both issuances were highly oversubscribed, reflecting the Group's strong financing capability in overseas capital markets.

In 2020, the Group successfully raised two 3-year syndicated loans with a total principal amount equivalent to USD730 million for the purpose of refinancing, with an interest rate of only LIBOR/HIBOR +2.48% per annum.

Smooth Onshore Financing Channels.

In 2020, the Group completed a domestic public issuance of bonds in aggregate amount of RMB22.295 billion with an average interest cost of 3.63%, representing a decrease of 85 bps compared to 4.48% in 2019. During the Year, the Group issued corporate bonds in the amount of RMB3.88 billion with interest rates ranging from 3.19% to 3.87% per annum; medium-term notes of RMB3 billion with interest rates of 3.27% to 3.86% per annum; perpetual medium-term notes of RMB1.5 billion with interest rate of 4.2% per annum and balance payment ABS for house purchase in the amount of RMB2 billion with an interest rate of 3.9% per annum for senior tranches. Meanwhile, the Group actively explored innovative financing channels to revitalize its dormant assets. It successfully issued hotel REITs in the amount of RMB948 million with a composite interest rate of 4.36% per annum for senior tranches, the supply chain ABS in the amount of RMB9.657 billion with interest rates ranging from 2.5% to 3.99% per annum, and the supply chain ABN in the amount of RMB960 million with interest rates ranging from 3.7% to 3.8% per annum. Moreover, Greentown Decoration Project Group, a subsidiary of the Group, issued private placement bonds in the amount of RMB350 million with an interest rate of 4.4% per annum to make a successful debut for the “Greentown +” sector in the capital markets.

Generating Synergy with Support of Shareholders

Under Mr SONG Weiping’s leadership, Greentown has entered into synergistic partnership with Bluetown and several collaborative town projects have since been rolled out in an orderly manner. CCCG and Wharf Group have given strong support in the decision-making of the Company at the Board level, and provided valuable advices to enhance corporate governance. In May 2020, the Group introduced Xihu Zhongbao as a strategic investor and the third largest shareholder by issuing 323 million Shares to a wholly-owned subsidiary of Xihu Zhongbao, which has further optimized the mixed ownership enterprise model and significantly improved the capital structure of the Company. Both parties have formed a strong alliance to achieve complementary advantages in terms of project development and rapidly increase the Company’s high-quality land reserves.

Impact of COVID-19

The year 2020 was an exceptional one. Due to the rapid spread of the COVID-19 pandemic in China and globally at the beginning of the Year, all types of economic activities were hit hard. Thanks to the stringent and efficient response to the pandemic by the PRC central government, the Chinese economy has recovered rapidly. The Group responded to the national call and actively cooperated with the pandemic prevention and control efforts by closing its sales offices for 45 days at the beginning of the Year, during which, the Group successfully achieved sales of RMB2.37 billion by using three major online service windows, namely “Greentown Cloud (綠城雲), Real Estate Greentown (置業綠城) and Greentown+ APP”, as sales channels to facilitate customers’ property purchases at home. Before the Chinese New Year, the Group

responded promptly by taking stock of the production capacity of the workforce and materials for each project and stocking up supplies in advance. Despite a slight delay in the construction permit application and in the progress of the projects during the ongoing pandemic, the Group successfully overcame COVID-19’s adverse impact on construction schedules (with an average delay of 1.5 months) by leveraging on its excellent operational capability, and successfully met the annual delivery and new-launch targets. In the post-pandemic era, home buyers are placing more emphasis on the quality, the type of units and the ancillary facilities of the products, and the Group will follow the trend to create quality homes that cater for the market demand.

Prospects

Leveraging on the “dual circulation” development pattern with the domestic and international markets complementing each other, together with the low base effect, China’s economy is expected to grow at a faster rate in 2021. To ensure a stable and healthy development of the real estate market and avoid excessive price increases, real estate policies are expected to be tightened on an ongoing basis. Following the promulgation of “Three Red Lines” and “Two Red Lines” in 2020, it is anticipated that “city-specific policies” will be more precise and broader in each local region. Industry fluctuations will gradually level off, and the market will transform from the growth phase into the maturity phase. Competition in a saturated market will intensify polarization among developers, which will reversely drive real estate developers to shift from a finance-led growth model to a business-driven model. In view of this, strengthening an enterprise’s own capital creation ability becomes more critical.

Strategic 2025 Plan

Facing the challenges of a new development situation, the Group will seize the opportunity to fully transform itself into an “integrated service provider for an ideal life”. In this regard, we have formulated the “Strategic 2025 Plan”, with the core objective of creating a “quality benchmark among the Top 10”, the two strategic pivot points of “best understanding of customers and best understanding of products” centering on the layout of nine key businesses in three segments to create nine key capabilities.

The layout of nine key businesses include: strengthening one basic business – real estate development, consolidating the basic foundation of development; improving one mature business – property project management, consolidating the position of Greentown Management as an industry leader and leading the development trend of the industry; developing seven emerging businesses, empowering the main business to explore the second growth curve of ideal life services.

The seven emerging businesses include: Participating in urban renewal, old city and asset renovation as well as value enhancement to support the Group’s sustainable development in the stock era;

Carrying on the businesses of healthcare services, healthcare operations, consulting services, industry chain services and healthcare real estate to empower the asset-heavy businesses;

Building a life service platform, integrating the online and offline services on the life service platform;

Providing housing 4S services; providing housing full life cycle maintenance services to empower housing product quality to remain at a leadership position;

Through HD-EPC (Housing Decoration Engineering Principal Contracting), focusing on the whole chain of integrated and comprehensive solutions for housing decoration and renovation;

Engaging in assembled interior decoration business, empowering the Group’s products with technology;

Developing real estate finance, providing professional financial services to assist in real estate development.

To support the implementation of the strategy, the Group will focus on building nine key capabilities, namely: continuous changes, accurate investments, efficient marketing, streamlined operation, sound financial position, strong commercial property business, excellent finance, organizing talents, and internal control.

New challenges come with new opportunities, and the “Strategic 2025 Plan” provides clear goals and paths for medium-to-long-term development. The Group will move forward to a new chapter with the strategies as the leader and quality as the driver.

2021 Work Strategy

In 2021, the Group aspires “to become a leading company with special expertise and comprehensive development” as its vision. It has formulated solid and feasible growth initiatives under the guiding principle of “exploring development in a stable and balanced manner, maintaining development by risk prevention and control, and facilitating development by insisting on product quality”. While it focuses on the scale of growth, particular attention will also be given to operational effectiveness, management efficiency and per capita effectiveness, system and mechanism innovation as well as emerging business exploration.



Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from project management, design and decoration, hotel operations, property rental, sales of construction materials, etc. During the Year, the revenue of the Group amounted to RMB65,783 million, representing an increase of 6.8% from RMB61,593 million in 2019, which was mainly due to the increase in sales of properties. During the Year, the Group's revenue from property sales amounted to RMB57,334 million, accounting for 87.2% of the total revenue and representing an increase of 5.3% from RMB54,433 million in 2019. The area of properties with recognised revenue amounted to 2,914,404 sqm, representing a decrease of 1.9% from 2,970,491 sqm in 2019. The average selling price of properties with recognised revenue was RMB19,673 per sqm, representing an increase of 7.4% from RMB18,325 per sqm in 2019, which was mainly because the proportion of projects with recognized revenue during the Year located in first- and second-tier cities increased from 52.3% in 2019 to 61.4%, which elevated the average selling price to a certain extent.

Project Name	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Ningbo Young City	High-rise Apartment	258,211	5,176	9.0%	20,046
Yiwu Peach Garden	High-rise Apartment, Villa	95,939	3,599	6.3%	37,513
Wuxi Fengqi Heming	High-rise Apartment, Villa	144,022	3,312	5.8%	22,996
Hainan Blue Town	Integrated Community	78,834	2,642	4.6%	33,513
Ningbo Fenghua Changting Yunlu	High-Rise Apartment, Villa	163,086	2,598	4.5%	15,930
Qingdao Ideal City	Integrated Community	120,540	2,572	4.5%	21,337
Hangzhou Osmanthus Grace	High-rise Apartment, Villa	59,598	1,954	3.4%	32,786
Hangzhou Arcadia Town	High-rise Apartment, Villa	72,527	1,837	3.2%	25,328
Nantong Orchid Garden	High-rise Apartment, Villa	95,428	1,811	3.2%	18,978
Zibo Lily Garden	High-rise Apartment, Villa	157,352	1,773	3.1%	11,268
Others		1,668,867	30,060	52.4%	18,012
Total		2,914,404	57,334	100.0%	19,673

Note: Areas sold include aboveground and underground areas.

During the Year, projects in Zhejiang area achieved property sales revenue of RMB31,064 million, accounting for 54.2% of the total property sales and ranking the top. Projects in Jiangsu area achieved property sales revenue of RMB9,155 million, accounting for 16.0% of the total property sales and ranking the second. Projects in Shandong area achieved property sales revenue of RMB5,333 million, accounting for 9.3% of the total property sales and ranking the third.

During the Year, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB41,892 million, accounting for 73.1% of the total property sales; sales revenue from villas amounted to RMB14,488 million, accounting for 25.2% of the total property sales; and that from offices amounted to RMB954 million, accounting for 1.7% of the total property sales.

During the Year, the Group's revenue from project management service amounted to RMB1,622 million, representing a decrease of 11.3% from RMB1,829 million in 2019. Affected by the outbreak of COVID-19, the construction, sales and delivery of some of the Company's projects under project management were delayed. The delay in the construction of the projects under project management and sales schedule will affect the progress of completion for the current period. The service income under project management was not lost, but merely postponed to be recognised in the subsequent service cycle.

During the Year, the Group recorded RMB3,036 million in the revenue from its design and decoration business, representing an increase of RMB220 million or 7.8% from RMB2,816 million in 2019. During the Year, the Group's revenue from hotel operations amounted to RMB720 million, representing a decrease of 18.0% from RMB878 million in 2019. During the Year, the Group's rental income from investment properties amounted to RMB162 million, representing a decrease of 1.2% from RMB164 million in 2019, mainly due to some impact on the hotels and commercial operations resulted from the outbreak of COVID-19, and daily operations have gradually resumed.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded a gross profit of RMB15,573 million, generally on par with RMB15,640 million in 2019. During the Year, the Group achieved a gross profit margin of 23.7%, representing a decrease of 1.7 percentage points from 25.4% in 2019. In particular, the gross profit margin of property sales was 23.5%, representing a decrease of 1.3 percentage points from 24.8% in 2019, which was mainly attributable to the insufficient reflection of brand premium affected by price control, resulting in the decrease in gross profit margin.

Other Income and Finance Costs

During the Year, the Group recorded other income of RMB3,017 million, representing an increase of RMB350 million from RMB2,667 million in 2019, which mainly comprised interest income, comprehensive service income, dividends from equity instruments at FVTOCI, government grants, etc., representing an increase of 13.1% from the last year, which was mainly attributable to the addition of new projects, generating more interest income from the increase in the amounts due from related parties. During the Year, interest income amounted to RMB2,403 million (2019: RMB1,688 million) and the net interest income amounted to RMB175 million (2019: RMB117 million) after deducting the interest expenses included in the consolidated statement of profit or loss and other comprehensive income of RMB2,228 million (2019: RMB1,571 million).

Interest expenses for the Year totalled RMB7,798 million (2019: RMB6,009 million) and net interests amounted to RMB5,395 million after deducting interest income of RMB2,403 million, representing an increase of RMB1,074 million from RMB4,321 million in 2019, mainly because the Group had more projects under development with a higher weighted average of loan balance outstanding in the Year. Weighted average interest cost was 4.9% during the Year, which represented a decrease of 40 bps as compared to 5.3% in 2019. During the Year, the Group continued to improve its debt structure, further lowering the finance costs.

Administrative Expenses

Administrative expenses include human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Year, the Group incurred administrative expenses of RMB4,323 million, which remained stable as compared to RMB4,297 million in 2019. Administrative expenses are divided into real estate development and related business expenses, non-real estate development and related business expenses, and depreciation and amortisation fees. Non-real estate development and related businesses are mainly project management, hotel business, design and decoration, sales of construction materials and other services.

During the Year, the Group incurred administrative expenses of RMB2,609 million in its real estate development and related business, which remained stable as compared to RMB2,589 million in 2019, of which human resource costs amounted to RMB1,342 million (2019: RMB1,286 million) and daily operating expenses amounted to RMB854 million (2019: RMB871 million). Benefited from the continuous optimization of its management and control model while constantly improving per capita efficiency in recent years, a 24.5% decline in the ratio of expenses to sales amount was recorded as compared to 2019. In addition, subject to the COVID-19 pandemic during the first half of 2020, there was a decrease in a portion of expenses.

Administration expenses of non-real estate development and related business amounted to RMB1,155 million for the Year, roughly on par with RMB1,118 million in 2019.

The Group incurred depreciation and amortisation fees of RMB559 million for the Year, representing a decrease of 5.3% from RMB590 million 2019.

Selling Expenses

Selling Expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Year, the Group incurred selling expenses of RMB2,320 million, representing an increase of RMB223 million or 10.6% from RMB2,097 million in 2019. Selling expenses are divided into the expenses for real estate development and related business and the expenses for non-real estate development and related business.

During the Year, the Group incurred selling expenses of RMB1,995 million for its real estate development and related business, representing an increase of RMB213 million or 12.0% from RMB1,782 million in 2019, mainly due to a substantial increase in the volume of project launch and sales compared with 2019, with a 16.1% decline in the ratio of expenses to sales amount as compared to 2019. As the single largest expenditure in selling expenses incurred by real estate development and related business, marketing activities expenses amounted to RMB1,001 million for the Year (2019: RMB951 million), representing

an increase of RMB50 million or a year-on-year increase of 5.3%. During the Year, human resource costs incurred in real estate development and related business amounted to RMB640 million, representing an increase of 28.8% from RMB497 million in 2019. During the Year, the daily operating expenses incurred in real estate development and related business amounted to RMB354 million (2019: RMB334 million), representing an increase of RMB20 million or a year-on-year increase of 6.0%.

During the Year, the Group incurred selling expenses of RMB325 million for non-real estate development and related business, which was in line with RMB315 million in 2019.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures was a gain of RMB2 million and the share of results of associates was a gain of RMB696 million, which amounted to an aggregate gain of RMB698 million and represented a decrease of RMB229 million from a gain of RMB927 million in 2019, which was mainly attributable to the decrease in gross profit margin resulting from the insufficient reflection of brand premium affected by price control, as well as the provisions for the impairment losses. During the Year, the Group made provisions for the impairment losses of Fuzhou Lvmin Real Estate Co., Ltd., resulting in a decrease in the share of results of joint ventures of RMB79 million.

Taxation Expenses

During the Year, taxation included LAT of RMB3,345 million (2019: RMB4,025 million) and EIT of RMB1,646 million (2019: RMB1,993 million), representing a taxation income proportion of 7.6% (2019: 9.8%). During the Year, the effective EIT rate was 27.4% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange gains, etc.), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognized deferred tax assets and expenses non-deductible for taxation purposes.

Provision and Reversal of Impairment Losses for Certain Assets

In view of the risks and uncertainties brought by the purchase restrictions and tightening credit policies in the PRC's real estate market, the Group has appointed valuers to carry out valuation on certain properties. According to the valuation and impairment test results, a total of RMB1,334 million (2019: RMB1,376 million) was provided for an impairment loss, net of reversal of the Year, of which the impairment losses, net of reversal on properties and receivables related to the real estate daily development business was RMB478 million (2019: RMB1,310 million), mainly attributable to 1) the impairment loss provision of RMB231 million for the amount of receivables from Chengdu Chengtou Greentown Hengtai Real Estate Development Co., Ltd. (成都城投綠城恒泰房地產開發有限公司); 2) the impairment loss provision of RMB139 million for properties under

development of Zhuji Yuedu Real Estate Co., Ltd. (諸暨市越都置業有限公司); and 3) the impairment loss provision of RMB113 million for properties under development of Jiaxing Greentown Jiahe Real Estate Development Co., Ltd. (嘉興綠城嘉禾房地產開發有限公司). The impairment losses of relevant non-real estate daily development business was RMB856 million (2019: RMB66 million), mainly attributable to 1) the impairment loss provision of RMB255 million for the equity investment in Zhejiang Professional Football Club Co., Ltd. (浙江職業足球俱樂部有限公司); 2) according to the assessment results, an impairment loss provision of RMB261 million was recognised for hotel properties; and 3) the impairment loss provision of RMB340 million due from Shandong Gaosu Greentown Laiwu Xueye Lake Development Co., Ltd. (山東高速綠城萊蕪雪野湖開發有限公司) as a result of the demolition of constructions within the planned area of Laiwu Xueye Lake Scenic Area (萊蕪雪野湖風景區) by the government.

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 31 December 2020, the balance of contract liabilities of the Group was RMB112,799 million, representing an increase of RMB36,474 million or 47.8% from RMB76,325 million as at 31 December 2019, while the tax pending for written off of contract liabilities of the Group as at 31 December 2020 was RMB10,491 million, representing an increase of RMB3,069 million or 41.4% from RMB7,422 million as at 31 December 2019, which was mainly due to the increase in contracted sales of the Group during the Year.

As at 31 December 2020, the balance of contract liabilities of joint ventures and associates was RMB83,623 million, representing an increase of RMB33,011 million or 65.2% from RMB50,612 million as at 31 December 2019. Such increase was mainly due to the increase in contracted sales during the Year.

Financial Resources and Liquidity

As at 31 December 2020, the Group had bank balances and cash (including pledged bank deposits) of RMB65,203 million (31 December 2019: RMB51,894 million), among which, capital for sales monitoring amounted to RMB14,128 million (31 December 2019: RMB10,620 million), total borrowings amounted to RMB119,202 million (31 December 2019: RMB95,577 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB53,999 million (31 December 2019: RMB43,683 million). The net gearing ratio (net liabilities divided by total equity) was 63.8%, which was roughly on par with the ratio of 63.2% as at 31 December 2019, remaining at a reasonable level. Balance of borrowings due within one year amounted to RMB32,515 million, accounting for 27.3% (31 December 2019: 36.6%) of the total borrowings. The closing balance of bank deposits and cash (including pledged bank deposits) was 2.0 times (31 December 2019: 1.5 times) the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure, providing a strong support for the subsequent development of the Company.

Greentown Group has obtained facilities of more than RMB244.9 billion from financial institutions, of which approximately RMB125.4 billion was available as of 31 December 2020.

Transactions with Xinqu Zhongbao

In April 2020, the Company entered into various agreements with Xinqu Zhongbao Co., Ltd. (Xinqu Zhongbao) and its subsidiaries, pursuant to which it conditionally agreed the Group to conduct the following transactions with Xinqu Zhongbao and its subsidiaries: (a) acquisition of 100% of the total number of shares of Zhejiang Qifeng Industrial Co., Ltd. (浙江啟豐實業有限公司) (which holds 35% of the total number of shares of Shenyang Shenbei Jingu Real Estate Co., Ltd. (瀋陽沈北金谷置業有限公司) and Shenyang Xinqu Pearl Real Estate Co., Ltd. (瀋陽新湖明珠置業有限公司)), with a total transaction price of RMB379 million, which includes an equity transfer consideration of RMB186 million and a financial support of RMB193 million, and gains from the acquisition increased the net profit of the Company by RMB62 million for the Year; (b) acquisition of 100% of the total number of shares of Zhejiang Qizhi Industrial Co., Ltd. (浙江啟智實業有限公司) (which holds 50% of the total number of shares of Nantong Qixin Real Estate Co., Ltd. (南通啟新置業有限公司) and Nantong Qiyang Construction and Development Co., Ltd. (南通啟陽建設開發有限公司)), with a total transaction price of RMB1.151 billion, which includes an equity transfer consideration of RMB398 million and a financial support of RMB753 million, and gains from the acquisition increased the net profit of the Company by RMB62 million for the Year; (c)

acquisition of 50% of the total number of shares of Nantong Xinqu Real Estate Co., Ltd. (南通新湖置業有限公司), with a total transaction price of RMB672 million, which includes an equity transfer consideration of RMB72 million and a financial support of RMB600 million, and gains from the acquisition increased the net profit of the Company by RMB16 million for the Year; (d) acquisition of 35% of the total number of shares of Shanghai Zhonghan Real Estate Co., Ltd. (上海中瀚置業有限公司), with a total transaction price of RMB1.9 billion, which includes an equity transfer consideration of RMB517 million and a financial support of RMB1.383 billion, and gains from the acquisition increased the net profit of the Company by RMB184 million for the Year.

For details of the acquisition agreements mentioned above, please refer to the announcements of the Company dated 19 April 2020 and 24 April 2020.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure was settled in RMB. As the Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, the Group was exposed to foreign exchange risks. No foreign exchange hedging arrangements was entered into by the Company during the Year. A provision of net foreign exchange gain of RMB1.118 billion was made for RMB appreciation.

Financial Guarantees

The Group provided guarantees in stage in respect of certain banks' mortgage granted to the buyers of the Group's properties before small owners' property certificates could be pledged to the banks. As at 31 December 2020, such guarantees for mortgage facilities amounted to RMB37,066 million (31 December 2019: RMB35,651 million).

Pledge of Assets

As at 31 December 2020, the Group pledged right-of-use assets, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits and interests in an associate, with an aggregate carrying value of RMB94,858 million (31 December 2019: RMB95,868 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2020, the Group had contracted, but not provided for, capital expenditure commitments of RMB44,214 million (31 December 2019: RMB30,769 million) in respect of properties for development, properties under development or construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently, the Group has no material capital expenditure plan.

Event After the Balance Sheet Date

On 5 February 2021, Harbin Greentown Real Estate Co., Ltd. ("Harbin Greentown Real Estate"), an indirect wholly-owned subsidiary of the Company, entered into an supplemental agreement with CCCC Northeast Investment Co., Ltd. ("CCCC Northeast Investment"), Harbin Metro Real Estate Development Co., Ltd. ("Harbin Metro RED") and Harbin Young City Real Estate Co., Ltd. (the "Project Company"), pursuant to which Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide shareholders' loans at an interest of 7.5% per annum to the Project Company: (a) Harbin Metro RED will commit up to RMB1,127,410,000 (to be made available to the Project Company after kicking start the Project, and of which RMB643,460,000 ("Secured Loan") will be advanced by Harbin Greentown Real Estate for the time being and secured with a share pledge of all of Harbin Metro RED's equity interest in the Project Company); (b) CCCC Northeast Investment will provide up to RMB256,230,000; and (c) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (of which the Secured Loan of RMB643,460,000 will be advanced to the Project Company in

place of Harbin Metro RED, repayable by the Project Company upon Harbin Metro RED's making available of its shareholder loan of RMB1,127,410,000 to the Project Company). The shareholders' loan is specific to the development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3, and is subject to independent Shareholders' approval. As of the date of this report, the Project Company was owned by the Company, CCCC Northeast Investment and Harbin Metro RED as to 46%, 10% and 44%, respectively. For details, please refer to the announcement of the Company dated 5 February 2021.

Human Resources

As at 31 December 2020, the Group employed a total of 8,081 employees (31 December 2019: 7,418). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

Retirement Benefit Scheme

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group's subsidiaries in the PRC are members of the state – managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

There is no forfeited contribution that may be used to reduce the existing level of contributions under the Group's MPF Scheme and state-managed retirement benefits schemes.



Biographical Details of Directors and Senior Management



ZHANG Yadong

Chairman of the Board and Executive Director

Born in 1968

Mr ZHANG Yadong joined the Company in May 2018. He graduated from Liaoning University (遼寧大學), Dalian Polytechnic University (大連工業大學), and Xiamen University (廈門大學); he has a doctoral degree. Mr ZHANG previously served as assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, and deputy party chief of the party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and head of United Front Work Department of Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr ZHANG was responsible for urban construction and management, including overseeing Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr ZHANG has extensive experience in urban and rural construction and real estate management. Mr ZHANG was appointed as an executive director and chief executive officer of the Company on 1 August 2018 and as chairman of the board of the Company on 11 July 2019. Mr ZHANG resigned as chief executive officer with effect from 17 December 2020. He currently serves as chairman of the board and executive director, and is a member of both Nomination Committee and Remuneration Committee. Mr ZHANG also serves as a non-executive director of Greentown Management (9979.HK).



GUO Jiafeng

Executive Director and Chief Executive Officer

Born in 1965

Mr GUO Jiafeng graduated from Zhejiang School of Construction in 1981, majoring in Industrial and Civil Architecture. Mr GUO has over 33 years ample experience in project development and construction. He formerly joined Greentown in April 2000 and served as an executive director from July 2006 to March 2015. He also acted as executive general manager of Greentown Real Estate Group Co., Ltd. and was primarily responsible for the property development of projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei, Xinjiang, and etc. Mr GUO mainly engaged in his personal businesses during April 2015 to July 2019. Mr GUO was appointed as an executive director of the Company on 11 July 2019, and as chief executive officer on 17 December 2020. Currently, Mr GUO also serves as chairman of the board of directors and non-executive director of Greentown Management (9979.HK).



WU Wende

Executive Director
Born in 1964

Mr WU Wende graduated from the University of Science and Technology Beijing with a doctoral degree in engineering. Mr WU has rich experience in property operation and management, has partaken in work since 1984, and has served as Deputy Chief Engineer of Zhongnongxin Real Estate Co., Ltd.* (中農信房地產公司), Chief Engineer of Zhongtian Property Co., Ltd.* (中天房地產公司), Deputy Party Secretary, Director and General Manager of China National Real Estate Development Group Corporation* (中房地產開發集團公司) and Chongqing International Enterprise Investment Co., Ltd* (重慶國際實業投資股份有限公司), Deputy General Manager of the Properties Business Department of China Communications Construction Company Limited, Member of the Provisional Party Committee, Director and Deputy General Manager of CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司), Executive Director and General Manager of China Residential Properties Development Co., Ltd. *(中住地產開發有限公司), Chairman of China Real Estate Corporation Limited* (中房地產股份有限公司), Deputy General Manager of the Investment Business Department of China Communications Construction Company Limited and Deputy General Manager of the Investment Management Department of CCCG and China Communications Construction Company Limited. Mr WU was appointed as an executive Director and an executive President of the Company on 22 March 2021.



GENG Zhongqiang

Executive Director
Born in 1972

Mr GENG Zhongqiang graduated from Changsha University of Science & Technology with a bachelor's degree in Finance and obtained a master's degree in Business Management from Dalian Maritime University. Mr GENG is a senior accountant. He joined China Communications Construction Group (Limited) in July 1995 and has extensive experience in operation and management. He was chief accountant and a member of the Party Committee of China National Real Estate Development Group Corporation Limited from 2012 to 2015. Mr GENG served as chairman of Beijing Xinfu Real Estate Investment Company Limited (北京信發置業投資有限公司) from 2012 to 2018. He also acted as general manager, deputy chairman and deputy secretary of the Party Committee of China National Real Estate Development Group Corporation Limited from 2015 to 2018. From September 2018 to July 2019, Mr GENG served as president and deputy secretary of the Party Committee of CCCG Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange with the stock code of 000736.SZ (中交地產股份有限公司)) and director and a member of the Party Committee of CCCG Real Estate Group (中交房地產集團). Mr GENG was appointed as an executive director and an executive president of the Company on 11 July 2019.



LI Jun

Executive Director
Born in 1978

Mr LI Jun graduated from Fudan University in the People's Republic of China in July 1999 with a bachelor's degree in Philosophy. He obtained a master's degree in Laws from University of Sheffield in the United Kingdom in September 2002. Mr LI has rich experience in operation and management. He joined the Group in November 2008 and served as general manager of the Company's wholly-owned subsidiary Dalian Greentown Real Estate Development Co., Ltd.* (大連綠城房地產開發有限公司) and North-eastern Region and Beijing Region general manager of Greentown Real Estate as well as deputy general manager of Greentown Real Estate. Currently, he serves as a vice president of Greentown China, primarily responsible for the operation management of the Company. Mr LI was appointed as an executive director of the Company on 6 April 2018.



HONG Lei

Executive Director
Born in 1972

Ms HONG Lei holds a bachelor degree in Law from Beihang University and a master degree in Law from China University of Political Science and Law. Ms HONG is richly experienced in legal affairs and management, has partaken in work since 1995, and has worked in Beijing Times Law Firm* (北京時代律師事務所) and the Beijing Office of Herbert Smith. Ms HONG has also served as Deputy Director of the Law Division of the Administrative Office of China National Real Estate Development Group Corporation, Chief Legal Counsel Cum Director of the General Office of China House Investment Construction Company* (中國住房投資建設公司), Chief Legal Counsel of CRED Holding Co., Ltd.* (中房置業股份有限公司), General Manager and Deputy Legal Counsel of the Legal Department of China National Real Estate Development Group Corporation, Deputy General Manager of China Residential Properties Development Co., Ltd., Deputy Director of the Office of the Board of Directors of China Communications Construction Company Limited, and Deputy Director of the Offices of the Board of Directors of CCCG and China Communications Construction Company Limited. Ms HONG was appointed as an executive director of the Company on 22 March 2021.



Stephen Tin Hoi NG

Non-Executive Director

Born in 1952

Mr Stephen Tin Hoi NG attended Ripon College in Ripon, Wisconsin, USA and University of Bonn, Germany, graduating in 1975 with a major in Mathematics.

Mr NG holds directorships in the following Hong Kong listed companies: chairman and managing director of The Wharf (Holdings) Limited (00004.HK) (“Wharf”, a substantial Shareholder of the Company) and Wharf Real Estate Investment Company Limited (01997.HK), and chairman of Harbour Centre Development Limited (00051.HK). Mr NG joined the Wharf Group in 1981 and was appointed director and chief financial officer in 1987 and managing director in 1989. He was appointed deputy chairman in 1994 and chairman in 2015.

Mr NG also holds directorships in the following former listed companies: deputy chairman of Wheelock and Company Limited (listed on the Stock Exchange until July 2020), and chairman of Wheelock Properties (Singapore) Limited (publicly listed in Singapore until October 2018, now renamed as Wharf Estates Singapore Pte. Ltd.).

Moreover, Mr NG served as a non-executive director of Hotel Properties Limited (SGX:H15, publicly listed in Singapore) until his resignation in December 2018 and non-executive chairman of Joyce Boutique Group Limited (until it was delisted in Hong Kong in April 2020).

Mr NG is a council member, vice-chairman of General Committee and a member of executive committee of the Employers’ Federation of Hong Kong, as well as a council member of the Hong Kong General Chamber of Commerce. Mr NG formerly served as non-executive director of the Company from 15 June 2012 to 27 March 2015 and was re-appointed as a Non-Executive Director of the Company on 11 July 2019.



WU Yiwen

Non-Executive Director

Born in 1966

Mr WU Yiwen graduated from Shanghai Jiao Tong University with a bachelor’s degree in ship and marine engineering and from National University of Singapore with a master’s degree in business administration. From 1993 to 2006, he served as project manager and department manager of Singapore Keppel Offshore and Maritime Group (新加坡吉寶岸外與海事集團), and general manager of its subsidiary. He also previously served as executive director cum general manager of Hantong Ship Heavy Industry Co., Ltd. (韓通船舶重工有限公司) from 2006 to 2012. From 2012 to 2017, Mr WU served as deputy general manager of Yangzijiang Shipbuilding Group Ltd. (揚子江船業集團公司). In 2017, Mr WU founded Singapore Maiwei Marine Co., Ltd. (新加坡邁威海事有限公司), where he currently holds the position of executive director. Mr WU was appointed as a non-executive director of the Company on 26 May 2020.



JIA Shenghua

Independent Non-Executive Director
Born in 1962

Mr JIA Shenghua is a Zhejiang University professor and serves as director of Zhejiang University's Property Research Center. Mr JIA graduated from Northwest Agricultural University with a doctorate degree in Agricultural Economics and Management. Since 1989, Mr JIA has been teaching and conducting researches in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is also an executive council member of Global Chinese Real Estate Congress, a presidium member of China Association of Real Estate Academicians, and a member of Expert Committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), which is listed on the Shenzhen Stock Exchange. He also acts as an independent non-executive director of Nacity Property Service Co., Ltd. (stock code: 603506.SH), which is listed on the Shanghai Stock Exchange. Mr JIA was appointed as our independent non-executive director on 22 June 2006.



HUI Wan Fai

Independent Non-Executive Director
Born in 1976

Mr HUI Wan Fai is appointed as the managing partner of PAG (formerly known as Pacific Alliance Group) since 2012. Mr HUI has previously served Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006, where he acted as head of distressed investment for China. Mr HUI obtained a bachelor's degree in Business Administration from University of Hong Kong in 1998 and a master's degree in International and Public Affairs from University of Hong Kong in 2002. He also obtained a master's degree in Business Administration from INSEAD in 2004. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, UK, Chartered Financial Analyst from CFA Institute, USA and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. Mr HUI was appointed as our independent non-executive director on 1 April 2012.



QIU Dong

Independent Non-Executive Director
Born in 1957

Mr QIU Dong received a doctoral degree in Economics from Dongbei University of Finance and Economics in 1990. He is a PhD supervisor approved by Degree Office of the State Council in 1993, a recipient entitled to Government Special Allowance by the State Council and a distinguished guest professor of Changjiang Scholars Program conferred by Ministry of Education in 2008. Mr QIU served successively as principal of Dongbei University of Finance and Economics and party secretary of the Central University of Finance and Economics. He served as a representative to the Tenth National People's Congress, vice president of Statistical Association of China, member of the eighth session of the ICP Technical Advisory Group of the World Bank, member of Advisory Committee of National Bureau of Statistics, vice president of the National Accounting Society of China, vice chairman of China National Conditions Research Association, vice president of China Association of Market Information and Research, and concurrently served at the editorial boards of Statistical Research and Finance & Trade Economics, and as adjunct professor or PhD supervisor at various domestic universities. Mr QIU currently serves as professor at Beijing Normal University, member of Management Division of Science & Technology Commission of Ministry of Education of the PRC, convenor of National Disciplinary Appraisal Group for Philosophy, Social Science and Planning, and vice officer of National Statistical Teaching Material Editing and Censoring Committee. He had been an independent director of Agricultural Bank of China Limited, China Cinda Asset Management Co., Ltd., China Orient Asset Management Co, Ltd. and China Everbright Group. Mr QIU was appointed as an independent non-executive director of the Company on 17 April 2020.



ZHU Yuchen

Independent Non-Executive Director
Born in 1961

Mr ZHU Yuchen obtained a degree in Economics from Dongbei University of Finance and Economics in 1983 and a Ph.D. in Economics from Wuhan University in 1998. He used to study and work in Chicago Mercantile Exchange and Chicago Board of Trade. Mr ZHU had served as deputy general of the Policy and Regulation Department of Ministry of Commerce of the PRC* (中華人民共和國商業部政策法規司副處長), CEO of Shanghai CIFCO Futures Brokerage Co. Ltd, general manager of Dalian Commodity Exchange, general manager of China Financial Futures Exchange and president of Shanghai Pudong Development Bank. Mr ZHU Yuchen was a member of the tenth and eleventh sessions of the National People's Congress (NPC) and the twelfth session of the National Committee of the Chinese People's Political Consultative Conference. He is a founder of Asia Pacific Exchange and its chief executive officer. Mr ZHU was appointed as an independent non-executive director of the Company on 17 April 2020.

Senior Management

LI Sen, born in 1964, is currently an executive president, secretary of Party Committee and dean of Research Institute of Greentown China, and is primarily responsible for party affairs and strategic planning. Mr LI graduated from Huaibei Coal Industry Normal College (淮北煤炭師範學院), Capital University of Economics and Business (首都經貿大學) and Tongji University, and obtained a doctoral degree. Mr LI previously worked for Organization Department of Central Committee of the CPC and National Academy of Governance. He also served as deputy mayor, member of the standing committee, head of publicity department and head of organization department of Liaoyuan, Jilin Province, secretary of the Party Committee and deputy chairman of United Real Estate of CCCC (中國交建聯合置業), deputy secretary of the Party Committee, secretary of disciplinary inspection committee and chairman of supervisory committee of CCGG Real Estate Group Co., Ltd, chairman of supervisory committee, general manager of human resources department and head of organization department of the Party Committee of CCCC. Mr LI joined the Group in March 2020.

DU Ping, born in 1970, is currently a vice president of Greentown China. He is primarily responsible for the branding, marketing, customer service of the Group and developing new business sectors such as housing 4S, commercial operation, elderly care service and smart community, centering on housing and living services. Mr DU graduated from Hangzhou University with a bachelor's degree in Arts. Mr DU began his career in July 1990 and used to work for Hangzhou Daily (杭州日報社) as a reporter, a senior reporter, a chief reporter, director of sports department, director of the financial news center, and a member of editorial committee. Mr DU joined the Group on 9 March 2015.

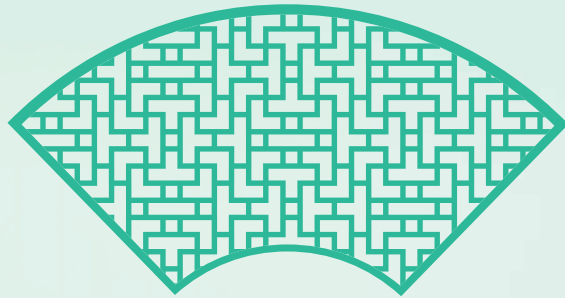
ZHANG Jiliang, born in 1963, is currently a vice president and chief planner of Greentown China, and is mainly responsible for planning and design management, town development of the Group. Mr ZHANG successively obtained a bachelor's degree and a master's degree in Engineering from Tsinghua University, and a doctorate degree in Engineering from Dalian University of Technology. Mr ZHANG is a senior engineer and a national first-class registered architect. Mr ZHANG used to work for Dalian Institute of Architectural Design and Research, Dalian Xinghai Bay Construction Management Center and Dalian Urban and Rural Construction Committee. He was director of Planning and Construction Bureau of Dalian Economic Development Zone, director of Dalian Planning Commission and deputy director of Municipal Planning Bureau. Mr ZHANG has extensive experience in construction design, urban and rural planning and construction management. He joined the Group in April 2019.

GUO Xiaoming, born in 1972, is currently a vice president of Greentown China, and is mainly responsible for Southern Region of the Group and assisting in Greentown Town business. Mr GUO graduated from Zhejiang University of Science and Technology (浙江科技學院), majoring in Industrial and Civil Architecture. Mr GUO has over 20 years of experience in the real estate industry and has extensive experience in project development, engineering construction, and management. Mr GUO joined the Group in August 1996, and successively served as manager of Hangzhou Jiuxi Rose Garden Engineering Department, manager, deputy general manager and general manager of Greentown Hangzhou Peach Garden Engineering Department. From December 2007 to December 2015, he was executive general manager of Greentown Real Estate Group Co., Ltd., responsible for the operation and management of projects in Hangzhou, Ningbo, Nanjing, Kunshan, Guangzhou, Hainan, etc. From February 2017 to August 2019, he was general manager of Greentown Luming Construction Management Co., Ltd (綠城綠明建設管理有限公司).

XIAO Li, born in 1974, is currently a vice president and Chief Engineer of Greentown China, primarily responsible for engineering development and management, cost procurement and collection of the Group. Mr XIAO graduated from Nanjing Construction Engineering College (南京建築工程學院), majoring in Industrial and Civil Architecture. Subsequently, he studied at Zhejiang University, and obtained a master's degree, majoring in Business Administration. Mr XIAO has over 20 years of work experience in the real estate industry. He started working in July 1996, and worked for Zhejiang Huazhe Industrial Development Company Limited (浙江華浙實業開發有限公司) and Zhejiang Shenghua Real Estate Development Company Limited (浙江升華房地產開發有限公司). Mr XIAO joined the Group in March 2004.

WANG Zhaohui, born in 1968, currently serves as a vice president of Greentown China. Mr WANG graduated from Tongji University, South China University of Technology and Tsinghua University, with a doctoral degree in Engineering. He is a senior town planner and a state-registered town planner. Mr WANG has 19 years of extensive experience in property development and management with knowledge of various types of property development processes. From 1991 to 2002, he served as head planner of China Academy of Urban Planning and Design of the Ministry of Housing and Urban-Rural Development. Mr WANG joined Greentown in 2002. He was a chief planning officer of Greentown Real Estate Group, a deputy general manager of Beijing Greentown Investment Co., Ltd.* (北京綠城投資有限公司) and a director of Greentown Innovation Construction Management Co.,Ltd.* (綠城創新建設管理有限公司), and was appointed as a vice president of Greentown China on 17 January 2021.

SHANG Shuchen, born in 1964, currently serves as Board secretary of Greentown China (a member of core management team), general manager of Board Office, President Office and the Party & the Masses Office. Mr SHANG is primarily responsible for coordinating board and general meetings of Greentown China, coordinating operations of President Office and the Party & the Masses Office, internal audit, risk control, legal affairs, assessment, supervision, and investor relations. He attended Liaoning Youth Administrative Cadre College (遼寧青年管理幹部學院), Shenyang Agricultural University (瀋陽農業大學) and Dongbei University of Finance and Economics (東北財經大學) with a master's degree. Mr SHANG served as league secretary, chairman of the labor union, secretary of disciplinary inspection committee, deputy secretary of municipal committee, standing deputy city mayor of Zhuanghe City, Liaoning Province; deputy secretary of the party working committee and deputy head of administration commission of Dalian Recycling Industry Economic Area; deputy director of organization department of Dalian Municipal Committee; a member of the party working committee and deputy head of administration commission of Dalian Jinpu New Area, and party secretary and head of administration commission of Dalian Jinshitan National Tourist Resort. Mr SHANG has extensive experiences in organizational building, cadre and talent management as well as administrative management, and ample qualifications in business management and board affairs. Mr SHANG joined the Company in April 2019 and was appointed as general manager of the Party & the Masses Office of the Company on 11 April 2019. He was then appointed as general manager of Board Office and President office on 16 December 2019 and as the Board secretary of the Company on 20 March 2020.



Environmental and Social Responsibility Report





Environmental and Social Responsibility Report

050

About the Report

Basis of Preparation

It is the fifth Environmental and Social Responsibility Report (the “Report”) published by the Group for the public. The Report discloses the efforts and achievements made by the Group in achieving sustainable development in 2020. Through this report, we hope that you will understand our efforts and performance better and be willing to feed back your expectations to us, in order to enhance mutual trust.

Scope of the Report

The purpose of the Report is to give a balanced account of the Group’s environmental and social matters. Unless otherwise stated, the scope of the Report covers the Company and its subsidiaries for the reporting period from 1 January to 31 December 2020 (“the Year”). The content regarding the corporate governance of the Company will be presented separately in the section headed “Corporate Governance Report” in this annual report.

Guidelines of the Report

The Report has been prepared on a basis of the four reporting principles of Materiality, Quantitation, Balance and Consistency in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “HKEx”) in 2016, and has complied with the provision of “comply or explain”.

Declaration of the Report

The Report focuses on process management and comprehensively introduces the philosophy, actions, effectiveness and commitments of the Group in respect of sustainable development matters during the Year. The Board is responsible for the reliability and truthfulness of the information in the Report. We would like to enhance the communication with our stakeholders and display the management transparency of the Company through the publication of the Report, as well as to achieve sustainable development in the economic, social and environmental aspects.

1. Highlights for ESG Performance

1.1 Awards and honors obtained in 2020

Reviewing the past, the growth of Greentown China has kept pace with the era closely. Our products, brands, operations, talents and social contributions received recognition from different parties of the society and won numerous awards (details of which are set out in the table below).

Awards and honors obtained by the Group for 2020 (excerpt)¹:

Awards and Honors	Issuing Institutions
Product	
Top 10 among 100 Chinese Real Estate Enterprises 2020 by Comprehensive Strength	China Index Academy
Top 10 among 100 Chinese Real Estate Enterprises 2020 by Scale	China Index Academy
Chinese Real Estate Leading Enterprises by Product Quality 2020 (First Place)	China Index Academy
Top 100 Chinese Real Estate Enterprises 2020 by Product Quality (First Place)	CRIC
Brand	
Top 10 Chinese Real Estate Companies by Brand Value (Mixed Ownership) 2020 (First Place)	China Index Academy
Chinese Real Estate Leading Brands by Customer Satisfaction 2020	China Index Academy
Top 10 among 100 Chinese Real Estate by Brand Value 2020 (Eighth Place)	China Real Estate Business, CRED China, China Real Estate Think Tank
Gold Brick Award for Chinese Real Estate Enterprises – Influential Enterprise in the Real Estate Industry 2020	21st Century Business Herald
Golden Horse Award – Best Craftsmanship for A Listed Company	Securities Daily
Operation	
Top 500 Zheshang National Enterprises (CZBANK) (Sixth Place)	Zheshang Magazine
Top 10 Role Model of Listed Companies in the Real Estate Industry in Growth Potential 2020 (First Place)	Hexun Finance
Top 10 Role Model of Listed Company in the Real Estate Industry in Financial Position 2020	Hexun Finance
Top 10 Chinese Real Estate Listed Enterprise in Repayment Capability	Guardian Index Academy

¹ For our complete list of honor, please refer to the official website of Greentown China.

Awards and Honors	Issuing Institutions
Talent	
2019-2020 The 11th China Talent Development Awards-Innovation Growth Award	Training Magazine
HeRo 2020	Beisen Reserach of Talent Management, Renmin Business School
The Favorite Brand as Employer in the Real Estate Industry of Chinese University Graduates 2020	China Real Estate Association, China Construction Education Association
Diversify Excellent Employer by LiePin	LiePin
Social Influence	
Top 10 China Green Real Estate 2020 (Fifth Place)	The Investment Association of China
Top 10 China Prefabricated Construction Enterprises 2020	The Investment Association of China
Top 10 China Green Real Estate Operation Index 2020	The Investment Association of China
Top 10 China Full Decoration Enterprises 2020	The Investment Association of China
2019-2020 China Real Estate Social Responsibility Enterprise by China Real Estate Association	China Index Academy
20th anniversary of Hangzhou "Spring Breeze Campaign", Generosity Award	Hangzhou Municipal Government

Key Awards and Honors in 2020



1.2 Highlights for ESG Performance in 2020

Environmental Performance:

- By the end of the Year, the gross floor area of green building projects under development exceeded 25.82 million sqm, about one hundred projects were recognized as green building including 10 three-star, 78 two-star, 9 one-star, 4 LEED certifications, and 1 WELL certification..
- In 2020, 57.7% of total projects under development are prefabricated construction projects, which reduced large amount of construction waste and improved the efficiency and quality of construction.
- Compared with last year, air pollutant emissions from vehicles reduced by 51.5% on average, while greenhouse gas emissions reduced by 39.0%.

Social Performance:

- We scored 90.2 in the satisfaction survey report for urban citizens in the PRC, positioning ourselves as the leader of the industry. We ranked first for overall satisfaction in 13 cities including Hangzhou, Hefei, Zhengzhou.
- By the end of the Year, the floor area of projects under management for the government amounted to 25.11 million sqm.
- Supplies and donations offered by staff and trade unions of all levels to front-line organizations combating COVID-19 amounted to RMB10 million.

Institutions of Greentown arrived at Wuhan to provide targeted support for medical and nursing works. Employees in Wuhan participated in the construction of Huoshenshan Hospital.
- The donated planting area amounted to 1,198 mu and an aggregate of 83,860 Haloxylon trees were planted in the “Greentown Forest” (綠城林) for the “Growing Spring Breeze” (種春風) charity action, which is the largest enterprise charity forest in Minqin County, Gansu Province.
- For the “Green Seedling Plan” (綠苗計劃) charity action, 88 students from poverty areas received sponsorship from our staff, who pays visits to schools and families they paired-up with and communicate with them regularly.
- We offered diversified trainings to staff. In 2020, we organized up to 150 training sessions, with staff trained amounted to approximately 60,000. The average online training hours per employee was approximately 47 hours, while the average offline training hours per employee was approximately 23 hours.

2. Steady and Healthy Development

2.1 Practicing Responsibility of Communication

Opinions from stakeholders are essential for the formulation and implementation of short-term and long-term sustainable development strategies. The Group established various channels to communicate with the stakeholders to facilitate the Group to identify potential risks in our business operation and recognize issues of sustainable development that the stakeholders concern the most.

Major Stakeholders	Expectations and Appeals	Communication and Response
Customers	Product quality and safety Customer service Customer privacy	Company website Organization of customer activities WeChat Official Accounts Customer satisfaction surveys
Partners	Honesty and trustworthiness Common development	Public tendering Site visit Email
Employees	Salary and welfare Occupational health Staff training and education	Department meeting Training demand surveys Publish announcement information Trade union activities and party-masses activities
Shareholders and investors	Risk control Rights and interests of shareholders Information transparency	Company website WeChat Official Accounts Annual report, interim report Shareholders' meetings Investors' meetings
Communities	Serving in community building and development	Engagement in various public welfare activities Community construction
Governments and regulatory authorities	Compliance with laws and regulations Information disclosure	Regular communication with governments and regulatory authorities Delivery of compliance report that meets regulatory requirements

The Group determined the key content to be disclosed by the Report through understanding the issues concerned by the stakeholders during the communication process. The detailed information is elaborated in the subsequent chapters.

2.2 Safeguarding Legitimate Operation

2.2.1 *Anti-corruption*

Transparent operational mechanism can enable the legitimacy, authenticity and stability of the Group. Pursuant to the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other regulations on preventing bribery, extortion, fraud and money laundering, the Group has formulated the Management Standards of Supervision Work of Greentown China, the Integrity and Self-discipline Standards for Staff, the Measures of Suspension for Inspection and the Standards for Integrity Reporting and Rewarding and other internal policies to enhance the awareness of prevention of integrity risks and ensure the legitimate operation of the Group. The Group has not received any illegal or irregular incidents concerning bribery, extortion, fraud and money-laundering for the Year.

Staff integrity and self-discipline behaviors were defined specifically in the Integrity and Self-discipline Standards for Staff by the Group, including the strict prohibition on the abuse of power and position to gain any improper interest, self-interest, etc. All staff was entitled to the right of supervision. The Standards for Integrity Reporting and Rewarding encouraged external departments and internal staff to report actions that violate the laws and regulations or damage the interest of the company by ways such as correspondence, visiting, telephoning, internet reporting, etc. If the situation is proved to be true, the person who reported under real-name system will be given proper rewards. To protect the legitimate rights of the whistle-blower, no one is allowed to disclose their personal information including names, working places, etc.

2.2.2 *Integrity and Honesty*

Product Promotion

The Group strictly complies with the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Regulations on the Management of Advertisements, and the Provisions on the Release of Real Estate Advertisements, based on which the Guidelines for Compliance Advertising and Promotion was formulated. The Group did not receive any case of violations against laws or regulations related to advertising and labeling during the Year.

The Group's Branding and Marketing Center optimized branding and marketing inspection, inspecting the marketing efforts of each project to improve the quality of marketing services in 2020. The forms of inspection included the Group's "Yellow and Red Cards" inspection as well as specific inspections of branding and marketing of regional companies. Organized by the Group's Branding and Marketing Center, for behaviors violating right of portrait, right of personal name and other privacy of customers, owners and others, yellow card punishment will be given; and for the lack-of-integrity behaviors of overstatement, inauthentic promise, red card punishment will be given. Inspections on branding and marketing projects of regional companies are organized by the department of marketing services, for conducting on-site inspections and supervising marketing services.

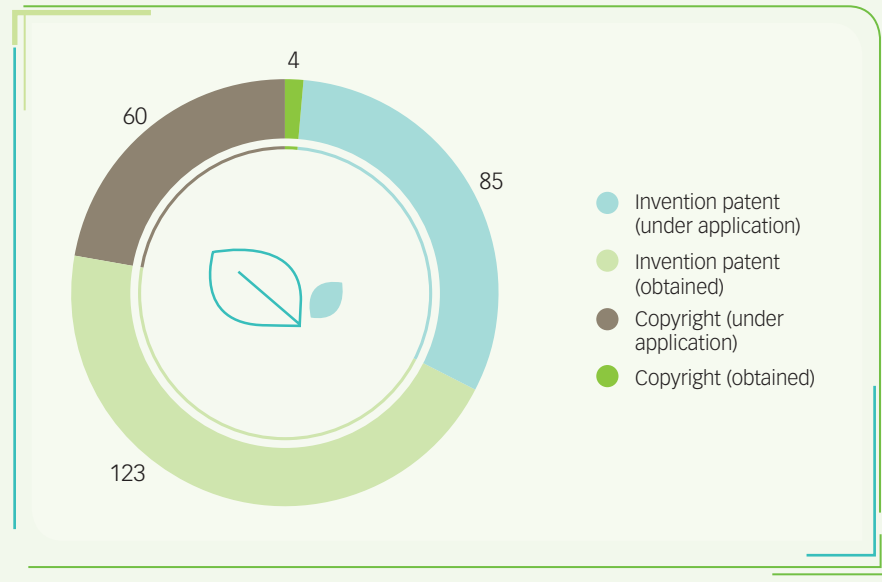
Intellectual Property

The Group continually improved the capability for intellectual property management and amended the Administrative Measures of Intellectual Property Management, which regulated the procedures of intellectual property management as well as the requirements, ensuring the strict compliance of relevant laws such as the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China.

To enhance the protection of the intellectual property rights of the Group's products, the Group has applied patents for 208 products, representing an increase of 69.6% year-on-year; applied 64 copyright registrations, representing an increase of 246.1% year-on-year.

Tell of 2020

The chart below illustrates the patent and copyright application of the Group for the Year:



2.3 Conducting Transparent Procurement

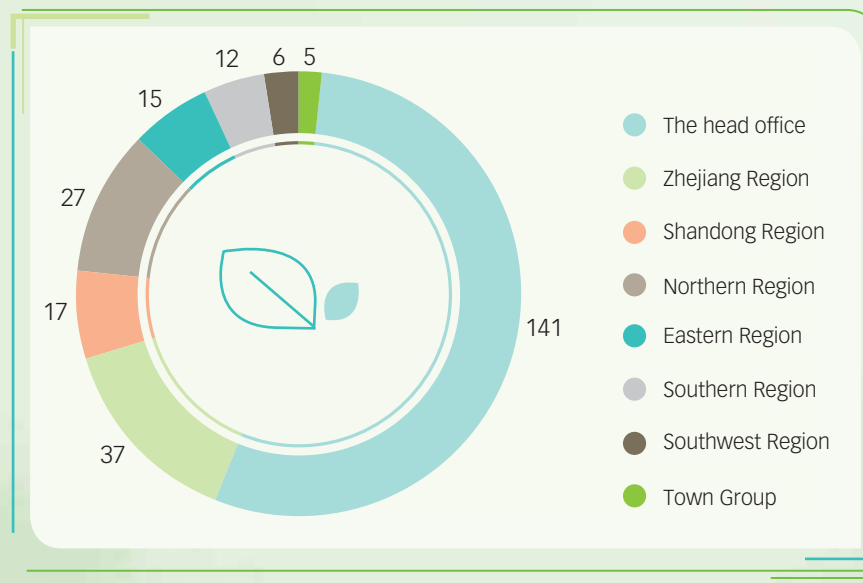
The Group is committed to building a responsible supply chain. On the basis of complying with relevant laws and regulations such as the Tendering and Bidding Law of the People’s Republic of China, the Group further formulated the Management Standards on Procurement of Materials and Equipment, the Management Standards on Strategic Suppliers of Materials and Equipment, the Management Standards on Centralized Procurement of Materials and Equipment and other internal systems, with an effort to establish a whole periodic management procedures of various suppliers in respect of access, bidding, performance evaluation and risk management to investigate and assess suppliers’ abilities in every aspect.

The Product Management Center of the Group is responsible for conducting appraisal of new suppliers who participate in bidding and meet the conditions as stipulated in bidding announcement. Suppliers can only participate in bidding activities of all kinds after they are approved and on a shortlist. During the bidding process, the Group requires the tenderer to provide a series of technical supporting documents for bidding within the scope of the bidding, including the production license of the tenderer’s brand, 3C certification and other environmental certifications, product models certification, etc.. The Group also requires our suppliers to recycle the waste in construction sites, control and manage waste gas and wastewater, etc. to make the best efforts to reduce environmental and social risks in each process of the supply chain.

The Group carries out materials procurement through bidding and price comparison in the principle of fairness and transparency, and non-bidding procurement of various materials must be approved under applicable approval authority as the Group prohibits any procurement without approval. Other procurement through bidding and price comparison must be carried out on the transparent bidding and procurement platform (<http://zc.gtcloud.cn>). In case of any bidding and procurement staff being suspected of committing business bribery and seriously violating any company disciplines, it would be investigated by the supervision department and upon verification, he/she will be warned or dismissed, and the responsible person of his/her department should take the responsibility of weak leadership and failure in monitoring.

Tell of 2020

The number of suppliers which the head office and regional companies cooperated with during the Year is set out in the diagram below:



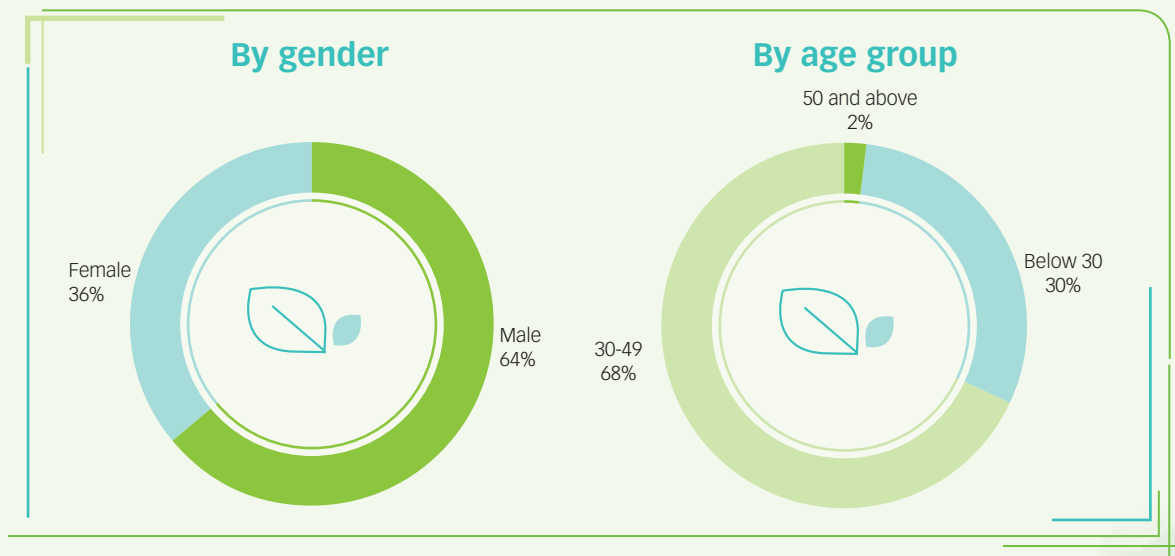
3. Caring Our Staff

3.1 Safeguarding Staff's Interest

Adhering to the belief that “people are Greentown’s most valuable asset”, Greentown firmly abides by laws and regulations related to human resource management which are represented by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Social Insurance Law of the People’s Republic of China. Meanwhile, by complying with the United Nation’s Universal Declaration of Human Rights and fundamental principles of Standards in the International Labor Organization and conventions, the Group respects human rights, prohibits child labor and forced labor and opposes discrimination in any form and strives to providing fair and good working conditions in order to safeguard staff’s interest, health and safety. During the Year, the Group didn’t experience any illegal events relating to recruitment, dismissal, remuneration, promotion, working hours, holidays, equal opportunities, diversity and anti-discrimination.

Tell of 2020

As of the end of the year, the percentage of staff by gender and age group is set out in the diagram below:





Campus recruitment provides a chance for students to enjoy face to face exchange with corporate executives and hotshot businesspersons through corporate presentations, alumni sharing, interactive Q&A sessions, etc. to continuously cultivate talents.

Talent Recruitment

The Group has Standard on Recruitment Management in place. During recruitment, the Group will recruit talents in the principle of equal opportunity, diversity and anti-discrimination; the Group continues to broaden recruitment channels with an aim to extensively absorb high-calibre talents in all walks of life, so as to build a diversified, inclusive, comprehensive and balanced team.

- Social recruitment – the Group carried out the “Elite Hunt Initiative” that introduced talents externally for core positions with specific targets; as of the end of the year, we introduced about 140 talents externally for core positions, which enriched our team and supported our business development.
- Campus recruitment – the Group established three brands for campus recruitment, namely “Tongdaoren (同道人)”, “Lixiangsheng (理想生)” and “Qihangsheng(启航生)”; in 2020, campus recruitment tapped into 24 cities across the country with a focus on high-potential graduates in 15 position categories from over 300 colleges, which attracted more than 40,000 resumes and signed contracts with above 500 students.

Campus recruitment tapped

into **24** cities across the country



Focused on high-potential

graduates in **15** position categories from over **300** colleges



Attracted

40,000+ resumes



Signed contracts with

500+ students



Remuneration Incentives

The Group’s remuneration system consists of fixed remuneration, floating compensation, allowances and benefits and others; we promote a “win-win mechanism”, establishing a short-, medium- and long-term incentive mechanism and a partner mechanism. The Group has also provided a variety of competitive extra benefits, including subsidies in communication, clothing, holiday and festival, meal, health management plan for employees and their families, supplementary commercial insurance, condolences payment and congratulation payment, etc.

Employment Management

The Group has always adhered to legal employment and management, and resolutely put an end to the employment of child labor by identifying the age of the candidates and comparing with the ID card information. The Group clearly defined the labor relationship and put an end to forced labor by signing labor contracts with employees. The Group did not involve in any situations relating to child labor or forced labor. Meanwhile, in accordance with the principles of timely response, adequate communication, peaceful resignation and compliance with the laws and regulations, employees and the Group can terminate the labor relationship after reaching consensus through negotiation as required.

3.2 Valuing Employees’ Health

The Group has been working hard to create a safe and protected working environment for the employees. While following relevant laws such as the Fire Prevention Law of the People’s Republic of China and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, the Group also established “Home of Staff” and carried out “Staff’s Life Service System” to care about the employees’ physical and mental health. The specific policies and initiatives include:

- **Occupational Health and Safety**
Regarding the employees’ occupational health and safety, the Group has issued the Implementation Standards for Japanese-styled Engineering Management and Greentown China Japanese-style Management Guide Book (Safety and Civilization)” and other documents to regulate safe production.
- **Safe Working Environment**
Our Group insists in providing and maintaining a safe and healthy working environment, equipped with AED external defibrillators in the office area. We also regularly organize activities including health and first aid training lectures, fire safety drills, etc. to improve employees’ awareness of safety precautions and enhance emergency response skills.



Jointly plan a fire safety drill with Hangzhou West Lake Fire and Rescue Station

- **Staff Health Care Activities**

In addition to the statutory benefit schemes, we also provide other benefits such as a biannual physical examination and health interpretation, render 360° services for staff's health and daily "online family doctor", and establish health activity room for the staff to keep fit.

- **Staff's Life Service System**

Through the provision of physical examinations for employees and their families, the establishment of staff's health records, strengthening as well as celebration for staff's birthday and congratulations on their marriage and childbirth, the Company creates a family-like atmosphere, making employees work pleasantly.

- **Team Activities**

A variety of colorful team activities will be organized on New Year's Day, Spring Festival, Women's Day, Children's Day, Mid-Autumn Festival and Double Ninth Festival or according to the change of seasons to relax the employees' tension.



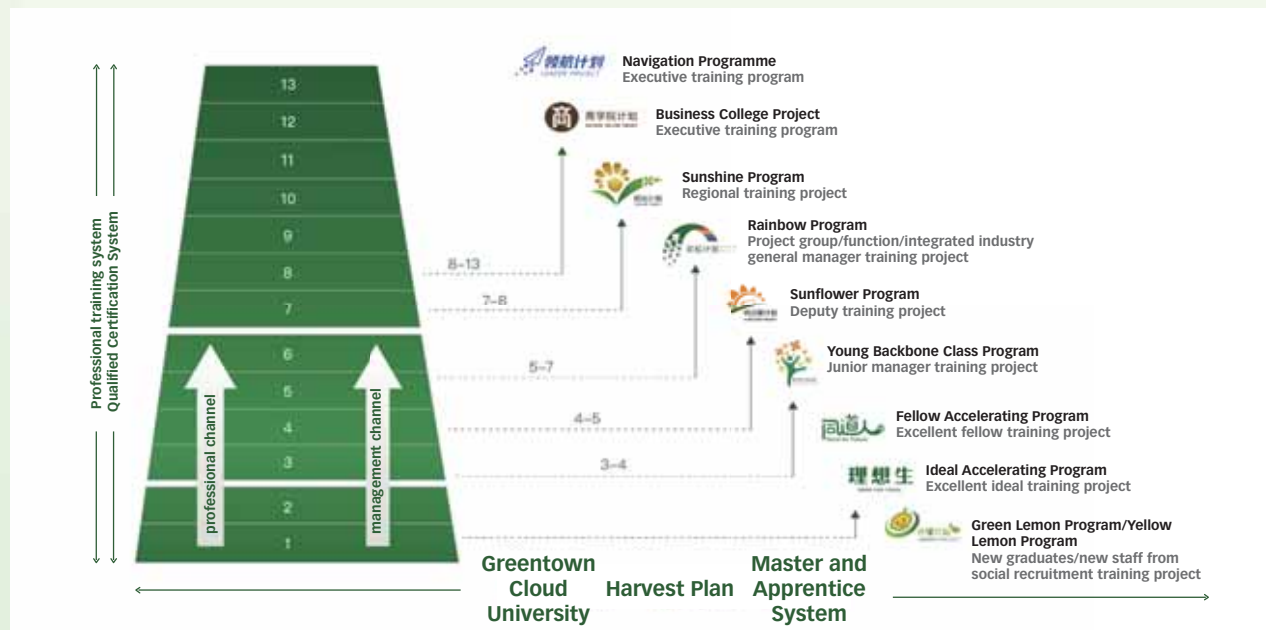
Case: Greentown China's "New Me Project" Sports Day



On 28 October 2020, the "New Me Project" Sports Day of Greentown China were held in Hangzhou.

3.3 Facilitating Employees' Development

"Growth" is the core keyword of the Group's corporate culture. The Group recognizes the importance of talents' values and cultivation, therefore the development of human resources is listed as one of the most important business management activities. The Group is guided by strategies and supported by talents to build a talent development system for Greentown China. After 26 years of development, the Group has established a talent training programme covering all employees, which enables employees to receive corresponding comprehensive and matrix training at different career development stages, and improve their knowledge and skills in performing job duties.



Tell of 2020

During the Year, the Group conducted 150 trainings of various types, with approximately 60,000 trainees. Among them, the echelon training covered approximately 4,500 employees, including 2,500 male and 2,000 female employees. The Group's online training hours per capita amounted to approximately 47 hours, while offline training hours per capita amounted to approximately 23 hours.

About **60,000** employees received **150** training sessions in various types

About **4,500** employees received echelon training

Male 2,500 **Female** 2,000

Online training hours per employee approximately **47** hours

Offline training hours per employee approximately **23** hours

Case: Navigation Programme

The “Navigation Programme” is a special training plan for class S cadres of Greentown China, aiming to improve their strategic planning capabilities and comprehensive quality of class S cadres and ensure the successful implementation of Strategic 2025.

The theme of “Navigation Programme” in 2020 was “strategic management”. During the key period of the formulation of the Group’s Strategic 2025, the programme was carried out from three key scenarios of “strategic awareness, strategic tools and strategic decoding” one by one, so as to improve the senior management’s strategic management capabilities while promoting the formulation and implementation of strategies. The training period was from April to October 2020, with a total of 93 class S cadres participating in the training.



4. Quality First

4.1 Focusing on Product Quality

Greentown China always adheres to prioritizing product quality and has prepared a series of standards including the Greentown China Quality Red Line Management Standards, the Third Party Engineering Quality Assessment Management Standards and Materials and Indoor Environment Quality Control Management Standards in accordance with laws and regulations such as the Product Quality Law of the People’s Republic of China and the Urban Real Estate Administration Law of the People’s Republic of China. The quality of the Greentown’s products is not only reflected in innovation and environmental protection, but also in safety and health to meet the practical needs of customers.

As for engineering management, the Group always adheres to learning and practicing Japanese-styled engineering management and implements “sample first” to improve product quality and consolidate product advantages. In September 2020, our Group issued special atlases such as Greentown China Landscape Products Series and Greentown China Indoor Products Series and compiled Greentown China Engineering Practice and Common Building Structure (Landscape Section), Greentown China Engineering Practice and Common Building Structure (Waterproofing and Thermal Insulation Section) and Greentown China Engineering Practice and Common Building Structure (Fine Decoration Section) which will be effective in 2021. Each atlas extracted years of engineering practice experience and technology of Greentown China, listed the practice of various projects and structure of important nodes, complied with the provisions of the current national engineering construction standards and specifications, and promoted the standardized implementation of processes and methods.

Case: Greentown China On-site Demonstration



The Fourth Season of Greentown China On-site Demonstration on 9 July 2020



The Fifth Season of Greentown China On-site Demonstration on 21 October 2020

Product test is one of the important tools for quality control in Greentown China. The Group continues to optimize product standards and explore a more comprehensive and effective quality control system. In terms of quality control, the Group has established a quantifiable project quality assessment mechanism and invites third party consulting units to conduct project quality assessment. The assessment adopts the mode of on-site assessment and actual measurement to reflect the real quality or risk of normalized project management and check the basic quality of projects.

On the basis of the foresaid quality control by third party test, the Group has also established its own testing center – “Green Quality” laboratory, including environmental laboratory, material laboratory and intelligent laboratory. Among them, the environmental laboratory has officially passed the China Metrology Accreditation and has the testing capacity in three major areas of water quality, air and materials. During the Year, the Group also set up a special “quality control” team which integrated external high-quality testing resources and used digital platforms as support to gradually establish its own “Green Quality” testing standard system from inspection on materials before acceptance to air quality testing before delivery.

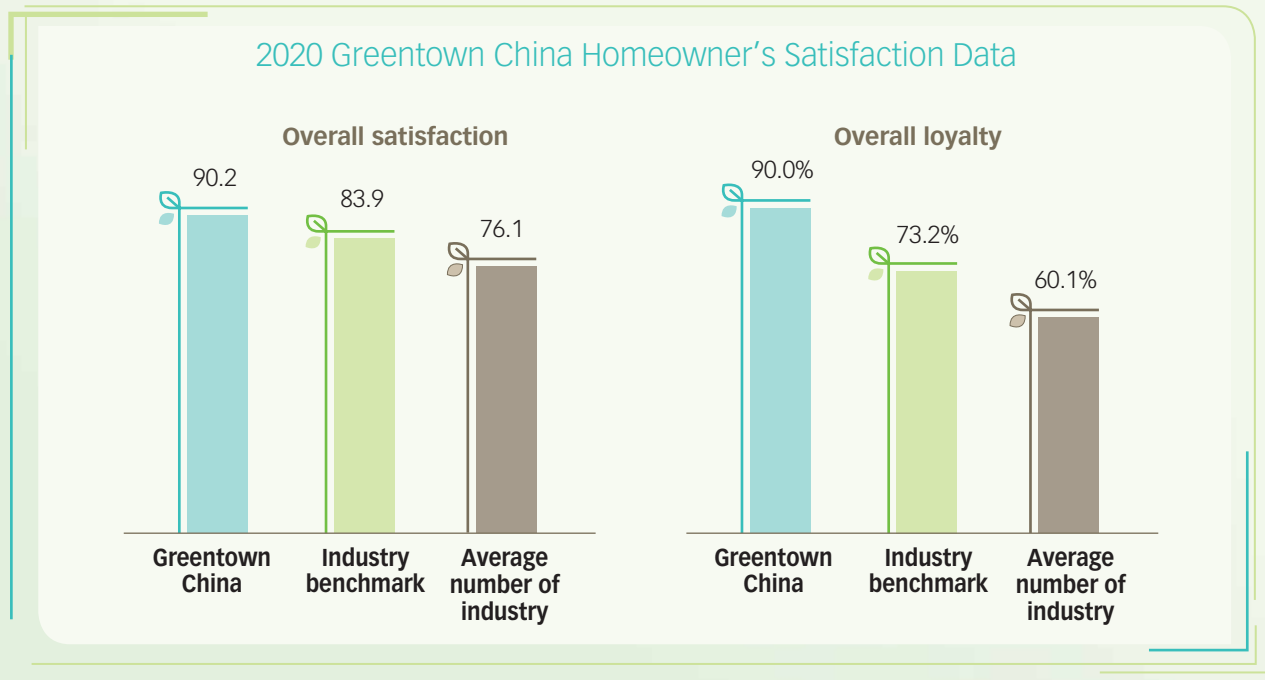
“Green Quality” Testing Standard System	
Fields	Test Items
Safe Production	Checking the on-site safety measures, such as personnel safety equipment, protective measures, safety warning, etc.
Material	Focusing on materials for main structure of buildings and indoor decoration materials
Environment	Paying attention to environmental quality indicators such as water, air and volatilization of harmful gases



4.2 Superior Quality Service

The group continuously improves the service quality and customer satisfaction of our brand, actively identifies potential problems of customers at all stages of work, and timely addresses any potential violations to prevent the risks and losses that may be caused. In view of the possible risks of receiving complaints about products and services, the Group has also formulated a series of management policies and standards, such as Greentown China Basic Norms on Handling Customer Complaint, Greentown China Accountability System of Handling Customer Complaints and Greentown China Inspection Standards of Customer Complaint Risks to ensure that customer complaints can be handled timely and effectively.

According to the Chinese urban residents’ satisfaction survey of 2020, Greentown China leads the industry with an overall satisfaction score of 90.2, ranking first in 13 cities including Hangzhou, Hefei and Zhengzhou.



In addition, the Group also attaches much importance to customer privacy protection and actively complies with the requirement of laws and regulations such as the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests as well as the Internet Security Law of the People’s Republic of China, and strictly stipulates that information collected from customers can only be used for business development and customer relationship management and shall not be used by anyone beyond the prescribed scope of use. It also strengthens network security checks through safe and stable system security measures to ensure the safety of customers’ information. During the Year, the Group was not aware of any events in relation to the violation of laws and regulations for leaking of customer privacy.

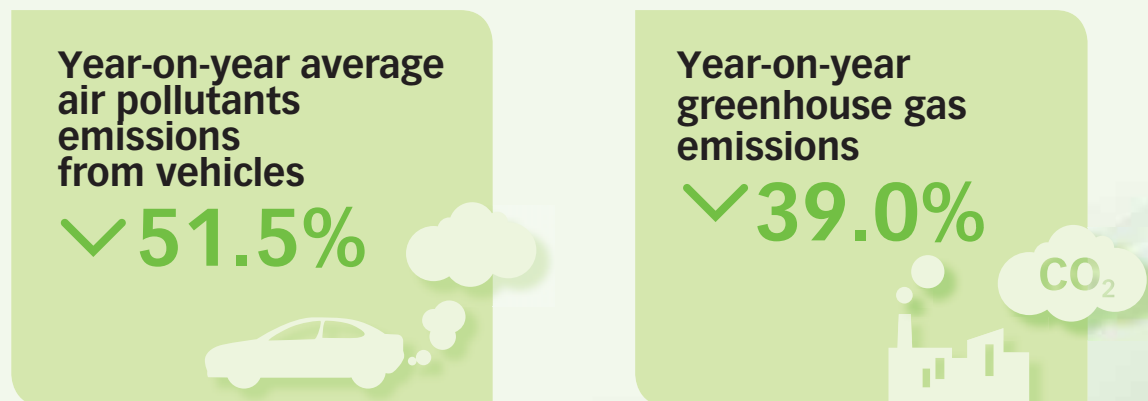
5. Green Development

5.1 Green Management

The Group has been committed to reducing pollutant and carbon emissions to mitigate their impact on the environment. The Group abides by the Environmental Protection Law of the People's Republic of China, the Environmental Noise Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Decision of the State Council on Implementing the Scientific Outlook on Development and Strengthening Environmental Protection, Regulations on the Administration of Construction Project Environmental Protection, the Administrative Measures for the Environmental Protection Acceptance of Completed Construction Projects and the Administrative Measures for the Collection and Utilization of Funds for the Disposal of Discarded Electrical and Electronic Products. Besides, the Group formulated a series of internal environment management policies such as the Notice on the Standardized Management of the Company, so as to operate and manage itself and its subsidiaries in a green fashion.

The Group has compiled green office policies to integrate environmental consciousness into staff's routine, thereby saving energy and reducing emission for further standardization of the environmental efforts. This is how the Group fulfills its commitment to sustainable environment. During this Year, there was no breach of laws and regulations by the Group on air and greenhouse gas emissions, discharges into water and land, waste emission and noise pollution.

Owing to the construction works mostly undertaken by professional contractors, the Group's greenhouse gas and air pollutant derive mainly from the utilization of electricity in workplace, and the use of vehicles in business operation. Therefore, the Group made a strong case for green transport which significantly cut the use of vehicles, reducing air pollutant emission from vehicles by an average of 51.5% and greenhouse gas emissions by 39.0% year on year. For the Year, the Group's total greenhouse gas emission was 21,162 metric tonnes, and the total greenhouse gas emission density was 0.19 metric tonnes per sqm GFA.

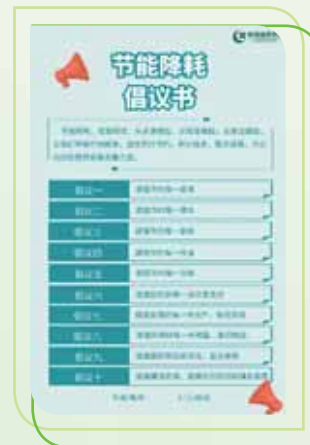


Measures to manage energy and reduce greenhouse gas/air pollutant emissions:

- opening curtains in the daytime to make full use of natural light (except on cloudy days)
- requiring our staff to turn off all of the electric equipment when leaving office
- encouraging our staff to take public transportation
- advocating green transport, such as taking public transportation instead of private cars
- cutting down unnecessary business trips
- cleaning and maintaining lightings and air conditioners on a regular basis (at least twice a year) to ensure their effective operation
- strictly controlling the use of air conditioners, such as turning off the air conditioners timely when there is nobody in the office for a prolonged period of time
- organizing tree-planting activities



Posting "Energy Saving and Emission Reduction" slogans



Energy-Saving Initiative

The Group refreshes its commitment to resources conservation. Particularly, the Group implements a series of environmental measures in terms of water conservation and management of hazardous waste and non-hazardous waste at office, as well as waste recycling by professional collectors. During this Year, the Group used municipal water supply, without any difficulty in sourcing water.

The measures for water conservation:

- Recycling rainwater for irrigation using sprays
- Applying water-saving equipments such as inductive water faucet
- Regularly checking toilets and washbasins for water leaks
- Posting water-saving slogans

The management measures for hazardous/non-hazardous waste

- Advocating for a paperless office and encouraging duplex printing
- Advocating using employees' own cups and lunch boxes
- Using rechargeable batteries instead of disposable batteries
- Ink cartridges are refilled and reused at least twice, and are recycled by professional collectors
- Promoting the "Clean Your Plate" campaign to encourage staff to take what they need




"Clean Your Plate" campaign

5.2 Green Buildings

To put the ideas of “green” and “health” into architectural practice, Greentown China has made innovation in further exploring multi-dimensional development of green buildings. Among others, the Group released the “Green Building Implementation Manual”, “ Guidelines on Green Real Estate and Green and Healthy Building Design”, “Working Guidelines of Greentown China on Green and Healthy Residential Technology Standards “, and vigorously promoted multi-dimensional trials and researches such as solar photovoltaic application, aiming to reduce the adverse impact of real estate projects on the environment and natural resources throughout their lifecycle. By the end of the Year, Greentown China boasted roughly 100 green buildings.

Green certifications for projects under construction as at the end of the Year

Green certifications		Total numbers	Cumulative area (0'000 sqm)
China Green Building Design Label	Three Star	10	2,582
	Two Star	78	
	One Star	9	
LEED	4		
WELL	1		



By applying rainwater recycling, rain gardens, permeable pavement and concave green space, the Group has been improving the absorption, retention and mitigation of rainwater on the green areas, roads, plazas in the community, with a view to further control rainwater runoff, establish a positive water circulation system and conserve resources.



The Greentown China Construction Research Center keeps conducting research and development on materials and designs, like “shaped permeable blocks” and “rain gardens”, for sponge cities.

Greentown China continues to explore and optimize the application of prefabricated construction technology. In the course of the projects, prefabricated concrete, steel and wood structures as well as prefabricated interior designs were applied. The standardized smooth assembling process at the site may save labor force and materials while improving construction efficiency and quality, achieving green process from manufacturing of components to assembly for the purpose of environmental protection. In addition, approximately 70% of prefabricated steel structures may be recycled, which significantly reduces construction wastes and avoids dusts and noise pollution during traditional construction works, demonstrating the characteristics of green buildings. In 2020, 57.7% of total Greentown China projects under development are prefabricated construction projects.

Case: Prefabricated Steel Structure of Hangzhou Osmanthus Grace Project



The prefabricated steel structure of the project allows simultaneous cross-operation on multiple storeys. The average time consumed from earth excavation to building a 12-storey structure is 27 days shorter than the construction cycle of traditional structures, which saves labor force and materials as well as costs.

6. Giving back to Society

6.1 Charitable Branding Events

While developing its own business, the Group has also promoted the improvement of people's livelihood and economic development by participating in and carrying out activities such as building a harmonious community to understand community needs. The Group takes an active part in or carry out social welfare activities every year led by the Party Committee and joined by labor unions, the Youth League Committee and other groups. In addition, charitable branding events of the Group also involve education, environment and well-tailored assistance.

6.1.1 The "Green Seedling Plan" (綠苗計劃)

Subsidiaries are encouraged to select suitable needy schools in the region to carry out staff donation and help with schooling activities. In the past four years, around 1,000 staff had joined the "Green Seedling Plan", a public benefit activity with "Building Dreams for Children, Working Together for the Future" as its theme, making over RMB800 thousands worth of donations. Thanks to their efforts, schoolhouses were built, "children's homes" and libraries were established, new school uniforms and stationery were delivered. The Group also established a "one-to-one" support programme with 88 poor students to help them complete their studies. To express warmth and create a brighter future, our staff visited impoverished areas of Sichuan, Yunnan and Tibet to care for the the locals through targeted support, project construction, condolence and lectures.



Greentown China Union visited Qingshan Primary School in Zhuji, Zhejiang Province in 2020.

6.1.2 “Growing Spring Breeze” (種春風)



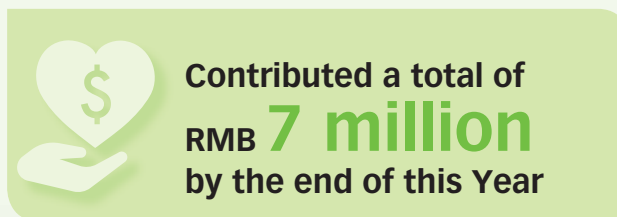
Since 2015, Greentown has persevered with its “Growing Spring Breeze”, an oasis-building initiative, as a result of which, Greentown staff and homeowners had created a “Greentown Forest” in Minqin County, Gansu Province, one of the four major sandstorm areas in China, a feat that earned Greentown “Top 10 Property Brand Charity Case in 2020” during this Year. By the end of the Year, “Greentown Forest” had an area of 1,198 mu, with 83,860 Haloxylon trees planted, making it the largest public welfare forest in Minqin County, Gansu Province. Looking ahead, Greentown will continue to take practical actions in carrying forward ecological civilisation and fulfilling its social responsibility.



Greentown staff and homeowners planted trees in “Greentown Forest” in Minqin County, Gansu Province

6.1.3 “Greentown · Spring Breeze Campaign” (綠城·春風行動)

Over the past 20 years, “Spring Breeze Campaign” in Hangzhou greatly helped improve people’s livelihood and strengthen social governance by providing targeted assistance to low-income groups and people in need. In response to the campaign, the Group had contributed a total of RMB7 million by the end of this Year, and was therefore awarded the 20th anniversary award of “Spring Breeze Campaign” by the Hangzhou Municipal Government.



On top of that, through Greentown Charity Foundation, “Greentown · Spring Breeze Psychological Care”, a special organization, was set up to help people with depression and autism in Hangzhou. By actively conducting community mental health care activities such as “psychological science talks”, the Group expects to bring those families out of psychological difficulties.



6.2 Service System for Community Life

In 2007, the Group first launched the service system for community life, aiming to bring convenience and comfort to the people living in the community. In the future, the Group hopes that the service system for community life can further improve the overall urban living services, life quality and living environment.

Brand Activities Sharing

Case: "Dolphin Program"



By the end of this Year, "Dolphin Program" had become the largest and most influential community service project in China, which covers nearly 200 communities in 53 cities across the country and trained 150,000 children for free.

Case: "Maple Leaf Action"



In 2020, the "Maple Leaf Action" covered 70 cities across the country and more than 100 Greentown communities, bringing warmth and care to more than 10,000 elderly.

Case: The 2nd National Cheongsam Conference of Greentown China



On 25 September 2020, the 2nd National Cheongsam Conference of Greentown China was held in Zhoushan, attracting a total of 1.65 million views and likes across the internet.

6.3 Combating the “COVID-19” Epidemic

In the face of the menacing COVID-19 epidemic, the Group would like the disclosure of relevant works to all interested parties be done with openness and transparency. At the beginning of 2020, the Group successively issued the Notice on Effectively Preventing and Controlling the COVID-19 Epidemic, the Notice on Further Enhancing the Prevention and Control of the COVID-19 and the Contingency Plan of the Headquarters of Greentown China for Preventing and Controlling the COVID-19, whereby a leadership group and a work group were quickly established for preventing and controlling the epidemic. The two groups are in charge of establishing a daily health reporting mechanism and tracking and managing people of all circles by levels and grades. On top of this, the two groups act promptly for purchasing enough supplies for epidemic prevention and control, intensify daily cleaning and further guarantee the safety and health of staff.

Actively assist the area hardest hit by COVID-19 epidemic

- A total of RMB10 million donated through Greentown Charity Foundation to hospitals and Red Cross in Wuhan, Hangzhou and Wenzhou, was mainly used for purchasing supplies for epidemic prevention and control or direct donations;
- We provided supplies for epidemic prevention and control amounted to approximately RMB1.2 million through the Greentown Living Group to the owners of Greentown communities, relevant hospitals, nursing homes, street communities in the area, public security and traffic police and other organizations and personnel;
- We promptly established a group responsible for purchasing supplies for epidemic prevention and control to ensure adequate purchases for donation supplies and epidemic prevention supplies for self-use;
- Our project specialists were assigned as consultants to the Command of Huoshenshan Hospital Project to participate in the construction and the design of construction proposals;
- Institutions of Greentown arrived at Wuhan to provide targeted support for medical and nursing works;
- We were awarded the title of “Hero of Zhejiang Business against Epidemic” by Zhejiang Daily and Zhejiang Business Think Tank, etc.



7. Environmental and Social Performance

Environmental Performance Indicators

The key emission data of the Group:

Greenhouse gas emission (scope 1 and scope 2)	2020 ²	2019	2018	Unit
Vehicle emission (scope 1) ³	1,150	1,886	1,083	metric tonnes
Greenhouse gas offsetting by trees (scope 1) ⁴	-9.89	-17.71	-5.41	metric tonnes
Electricity consumption emission (scope 2) ⁵	20,021	19,533	11,862	metric tonnes
Total greenhouse gas emission	21,162	21,401	12,940	metric tonnes
Total greenhouse emission density ⁶	0.19	0.2	0.14	metric tonnes/sqm GFA

Air pollutant emission from vehicles ⁷	2020	2019	2018	Unit
CO emission	6,392	11,944	9,621	kg
NO _x emission	2,768	5,643	2,382	kg
SO _x emission	5.01	12	6.87	kg
PM _{2.5} emission	103	210	90	kg
PM ₁₀ emission	114	233	99	kg

² During the Year, the environmental statistics of the Group mainly included a total of 50 companies, consisting of the headquarter of Greentown China and the headquarters of each subsidiary and its respective project companies. In this section, if there is no specific explanation on the scope of statistics, the statistical subjects represent the environmental statistical information of the 50 companies mentioned above.

³ The calculation of greenhouse gas emissions and relevant emission factors of automobiles (scope 1) are based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)* and the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Land-based Transportation Enterprises (Trial)* published by National Development and Reform Commission of the People's Republic of China.

⁴ The emission reduction factors of trees were based on the factors set out in *Reporting Guidance on Environmental KPIs* in Appendix II to *How to Prepare an ESG Report*.

⁵ The calculation of greenhouse gas emissions and relevant emission factors of outsourced power (scope 2) is based on the *National Power Grid Average Emission Factor in 2015* published by National Development and Reform Commission of the People's Republic of China.

⁶ The denominators used for calculation of greenhouse gas emission density were the office area included in the Company's environmental statistics.

⁷ The calculation of air pollutant emissions of automobiles is based on the *Guidelines for Air Pollutant Emission for Motor Vehicles (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China.

Data of major resources consumption of the Group:

Resources consumption	2020	2019	2018	Unit
Total electricity consumption	32,816,257	31,417,893	16,742,268	kWh
Electricity consumption intensity	295	297	178	kWh/sqm GFA
Total fuel consumption (vehicle petrol)	410,188	609,265	409,565	litre
Fuel consumption intensity (vehicle petrol)	2,868	3,584	2,660	litres/per vehicle
Total fuel consumption (vehicle diesel oil)	66,646	169,587	45,418	litre
Fuel consumption intensity (vehicle diesel oil)	3,703	7,066	4,129	litres/per vehicle
Total fuel consumption (vehicle liquefied natural gas)	0	0	0	litre
Fuel consumption intensity (vehicle liquefied natural gas)	0	0	0	litres/per vehicle
Total fuel consumption (vehicle ethanol gasoline)	3,150	5,333	260	litre
Fuel consumption intensity (vehicle ethanol gasoline)	1,575	1,778	260	litres/per vehicle
Total water consumption	2,241,648	1,860,133	1,108,315	metric tonnes
Total water consumption density ⁸	20	18.25	12	metric tonnes/sqm GFA

⁸ The denominators used for calculation of total water consumption density were the office area included in the Company's water consumption statistics.

Data of major hazardous and non-hazardous waste of the Group:

Production of hazardous waste	2020	2019	2018	Unit
Fluorescent light tube	1,383	1,382	1,370	piece
Waste battery	464	467	303	kg
Ink cartridge	1,863	1,896	1,265	piece
Waste liquid after facilities maintenance	16	25.8	21	litre

Production of non-hazardous waste	2020	2019	2018	Unit
Paper waste	19,417	19,802	27,016	kg
Paper waste intensity	0.17	0.19	0.29	kg/sqm GFA
Paper recycling	10,293	10,229	9,991	kg
Metal waste	82	103	117	kg
Metal waste intensity	0.001	0.001	0.001	kg/sqm GFA
Metal recycling	278.8	535.7	30	kg
Plastic waste	1,687	694	821	kg
Plastic waste intensity	0.015	0.007	0.009	kg/sqm GFA
Plastic recycling	433	653	140	kg
Glass waste	306	136	145	kg
Glass waste intensity	0.003	0.001	0.002	kg/sqm GFA
Glass recycling	117	63.74	17	kg

Social Performance Indicators

Data on the Group's employees by gender, age group and geographical area.

Employee	2020	Unit
Total number of employees	8,081	persons
By gender		
Male	5,150	persons
Female	2,931	persons
By age group		
Below 30	2,375	persons
30-49	5,516	persons
50 and above	190	persons
By geographical area		
Zhejiang	4,497	persons
Non-Zhejiang	3,584	persons

Data of suppliers which the head office and regional companies cooperated with during the Year:

Companies	2020	Unit
The head office	141	companies
Zhejiang Region	37	companies
Shandong Region	17	companies
Northern Region	27	companies
Eastern Region	15	companies
Southern Region	12	companies
Southwest Region	6	companies
Town Group	5	companies

APPENDIX 1: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects	Indicators	Content of Indicators	Disclosure	Location in the Report
Environment				
A1: Emissions	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste	✓	Green Management
	A1.1	The types of emissions and respective emission data	✓	Environmental Performance Indicators
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	Environmental Performance Indicators
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	Environmental Performance Indicators
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	Environmental Performance Indicators
	A1.5	Description of measures to mitigate emissions and results achieved	✓	Green Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	✓	Green Management
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	✓	Green Development
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	✓	Environmental Performance Indicators
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	✓	Environmental Performance Indicators
	A2.3	Description of energy use efficiency initiatives and results achieved.	✓	Green Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	✓	Green Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3: The Environment and Natural Resources	General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	✓	Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	✓	Green Development

Aspects	Indicators	Content of Indicators	Disclosure	Location in the Report
Society				
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	✓	Safeguarding Staff's Interest
B2: Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	✓	Valuing Employees' Health
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	✓	Facilitating Employees' Development
B4: Labour Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	✓	Safeguarding Staff's Interest
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain	✓	Conducting Transparent Procurement
B6: Product Responsibility	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	✓	Steady and Healthy Development Integrity and Honesty
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with the information in relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	✓	Safeguarding Legitimate Operation
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	✓	Giving back to Society

Corporate Governance Report

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopts effective corporate governance practices to meet legal and commercial standards, with a focus on internal control and transparent, fair and timely disclosure.

In the opinion of the Board, save as disclosed, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020.

(A) The Board of Directors (for the year ended 31 December 2020)

The Board takes responsibility to the management of all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr ZHANG Yadong
Mr LIU Wensheng
Mr GUO Jiafeng
Mr ZHOU Lianying
Mr GENG Zhongqiang
Mr LI Jun

Non-Executive Directors

Mr Stephen Tin Hoi NG
(Mr Andrew On Kiu CHOW as his alternate)
Mr WU Yiwen (Appointed on 26 May 2020)

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang (Resigned on 17 April 2020)
Mr SZE Tsai Ping, Michael (Resigned on 17 April 2020)
Mr HUI Wan Fai
Mr QIU Dong (Appointed on 17 April 2020)
Mr ZHU Yuchen (Appointed on 17 April 2020)

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and each of the Directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2020 or (where appropriate) during his tenure as a director of the Company in 2020. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of the Directors and the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 121 of this annual report.



Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman leads the Board and is responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. He is also responsible for establishing future strategies and coordinating the overall development of the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations of the Group.

During the Reporting Period: Mr ZHANG Yadong had been the Chairman of the Board and the Chief Executive Officer of the Company; and for the further optimisation of the governance structure of the Company, arrangements were made to separate the roles of Chairman and CEO pursuant to A.2.1 of the Corporate Governance Code for better clarity on the division of labour. As at 31 December 2020, Mr ZHANG Yadong was the Chairman of the Board and Mr GUO Jiafeng was the Chief Executive Officer of the Company.

Independent Non-Executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and views, which carry significant weight in the Board's decision. In particular, they provide multi-perspective and impartial opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive Director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2020, each of the independent non-executive Directors has confirmed his independence to the Company in accordance with requirements under the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 10 Board meetings and 3 shareholders' meeting were convened during 2020. The attendance of each individual Director at these Board meetings and the shareholders' meeting is set out below:

	Number of Board Meetings Attended/ Held in 2020	Number of Shareholders' Meetings Attended/ Held in 2020
Executive Directors		
Mr ZHANG Yadong	10/10	3/3
Mr LIU Wensheng	10/10	3/3
Mr GUO Jiafeng	9/10	3/3
Mr ZHOU Lianying	10/10	3/3
Mr GENG Zhongqiang	10/10	3/3
Mr LI Jun	8/10	3/3
Non-Executive Directors		
Mr Stephen Tin Hoi NG (Mr Andrew on Kin CHOW as his alternate)	10/10	3/3
Mr WU Yiwen	5/5	3/3
Independent Non-Executive Directors		
Mr JIA Shenghua	10/10	3/3
Mr KE Huanzhang	3/4	0/0
Mr SZE Tsai Ping, Michael	3/4	0/0
Mr HUI Wan Fai	9/10	3/3
Mr QIU Dong	6/6	3/3
Mr ZHU Yuchen	6/6	3/3



All Directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the Directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointment, Re-election and Resignation of Directors

Each of the executive Directors, non-executive Directors, independent non-executive Directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and resignation of the Directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Directors' Continuous Professional Development

Each of the Directors has participated in continuous professional development in 2020 in compliance with Code A.6.5 of the Corporate Governance Code. The Company arranges regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, all Directors participated in continuous professional development to develop and refresh their knowledge and skills in compliance with code provision A.6.5 of the Corporate Governance Code. The Company's external lawyers facilitated Directors' training by providing presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of a listed company director. All Directors received this training.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, give opinions on the internal audit scheme formulated by the Internal Audit Department of the Group and review the reports submitted by the Internal Audit Department. It is also responsible for considering affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive Directors and non-executive Directors. As at 31 December 2020, the Audit Committee comprised independent non-executive Directors, being Mr HUI Wan Fai (Chairman), Mr JIA Shenghua, Mr QIU Dong and Mr ZHU Yuchen.

The major tasks accomplished during the Year include:

- reviewing the annual and interim results announcements, reports and financial statements of the Group;
- reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;
- monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;
- advising on material transactions of the Group and providing recommendations on related risks to management; and
- reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

The Audit Committee reviewed the financial reporting system, compliance procedures, risk management as well as internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function) and processes. The Board has not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the year ended 31 December 2020, the Audit Committee held 2 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr HUI Wan Fai (<i>Chairman</i>)	2/2
Mr JIA Shenghua	2/2
Mr SZE Tsai Ping	1/1
Mr QIU Dong	1/1
Mr ZHU Yuchen	1/1

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2020, the Nomination Committee comprised independent non-executive Directors Mr ZHU Yuchen (Chairman), Mr JIA Shenghua, Mr HUI Wan Fai and Mr QIU Dong, and executive Directors Mr ZHANG Yadong and Mr LIU Wensheng. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to perform duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

The Nomination Committee adopted and implemented certain criteria and procedures in the nomination of new Directors during 2020. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts a diversity policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record. All Board appointments



will continue to be based on merits and competence, and the selected candidates will be considered against the aforesaid objective criteria.

During the year ended 31 December 2020, the Nomination Committee held 4 meetings. The attendance of each individual member at the Nomination Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr ZHU Yuchen (<i>Chairman</i>)	2/2
Mr JIA Shenghua	4/4
Mr HUI Wan Fai	4/4
Mr SZE Tsai Ping, Michael	1/2
Mr KE Huanzhang	1/2
Mr QIU Dong	2/2
Executive Directors	
Mr ZHANG Yadong	4/4
Mr LIU Wensheng	4/4

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on Directors' remuneration and other benefits to the Board.

The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2020, the Remuneration Committee comprised independent non-executive Directors Mr JIA Shenghua (Chairman), Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen, and executive Directors Mr ZHANG Yadong and Mr LIU Wensheng.

During the year ended 31 December 2020, the Remuneration Committee have assessed the performance of Directors and make recommendations to the Board on the remuneration packages of the Directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources" in this annual report. During the year ended 31 December 2020, the Remuneration Committee held 4 meetings. The attendance of each individual member at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua (<i>Chairman</i>)	4/4
Mr HUI Wan Fai	4/4
Mr SZE Tsai Ping, Michael	1/2
Mr KE Huanzhang	1/2
Mr QIU Dong	2/2
Mr ZHU Yuchen	2/2
Executive Directors	
Mr ZHANG Yadong	4/4
Mr LIU Wensheng	4/4

The remuneration of the directors and senior management of the Company is determined in accordance with the remuneration policies and structure. In accordance with Code Provision B.1.5 of the Corporate Governance Code, for the year ended 31 December 2020, the remuneration of the senior management by band was as follows: RMB1,000,001-2,000,000: 4; RMB2,000,001-3,000,000: 1; RMB3,000,001-4,000,000: 1. The remuneration of Directors for the year ended 31 December 2020 is detailed under note 12 of the consolidated financial statements in this report.



Zhoushan Changzhi Island Ruxin Town Young City Mingliuyuan

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2020:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the Directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

The remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

Service Items	2020 (RMB'000)	2019 (RMB'000)
Audit services (including interim review)	8,915	9,265
Non-audit services	850	1,000
Total	9,765	10,265

Risk Management and Internal Control

The Audit Committee is responsible for supervising the risk management and internal control functions of the Group and reviewing their effectiveness. Procedures have been designed to safeguard company assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The Directors have conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, and reviewed and monitored the Company's internal management and operation during the year ended 31 December 2020. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control in place and functions properly as intended. The Audit Committee considered that the risk management and internal control systems remain adequate and effective throughout the year ended 31 December 2020 with no material issues that ought to be brought to the Board's attention.



(C) Dividend Policy

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. Currently, the dividend payout ratio of the Company is between 20% and 40% of the net profit attributable to the owners of the Company after (i) adjusting for the impacts of non-cash items, including gain on acquisition, fair value changes on the assets and liabilities of the Company, net exchange gain/loss, fair value adjustment on the cost of sales which arises from the Group's acquisition of subsidiaries for non – cash consideration, provision for impairment losses and etc; and (ii) deducting the amount of interests payable by the Group during the year on the perpetual capital securities issued by the Group. In determining the actual amount of dividends to be declared and paid by the Company, the Board also takes into account the following factors, including the general business conditions, results of operations, financial results/conditions, working capital requirements, future prospects and cash flows of the Group and any other factors which the Board deems relevant. The Company's historical dividends may not be indicative of future dividend payments. The declaration and payment of dividends may also be limited by legal restrictions or financing arrangements that may be entered into by the Group in the future. The Board will review the dividend policy of the Company as appropriate from time to time.

(D) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's principal place of business in Hong Kong.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

In case of any enquiries that a Shareholder may have, please contact the investor relations department at +852 2523 3138 or by email to ir@chinagreentown.com.

During the year ended 31 December 2020, there had been no change in the memorandum and articles of association of the Company. The memorandum and articles of association of the Company is published on the Company's website and the Stock Exchange's website.



Nanjing Yunqi Rose Garden

Investor Relations

The Company is committed to high standards of corporate governance and high level of transparency. It pledges to maintain close and effective two-way communication with shareholders and the capital markets, and disclose company information to stakeholders in an open and timely manner.

In 2020, the Company continued to be more proactive in its investor relation activities and enrich the modes of communication with the market. Following the interim and annual results announcements, its Board members and senior management team elaborated on the Company's operating conditions, development prospects and development strategies through the investor/media presentations. Due to the COVID-19 pandemic, the results presentations were held via live streaming combined with offline conference. Feedback and queries from investors and shareholders were heard and answered in real time.

The Company is committed to maintaining an open and constructive dialogue with shareholders. At the Annual General Meeting (AGM), the Board members will engage and communicate with shareholders in person and answer their question on site.

Major investor relations events in 2020:

Date	Events
23 Mar 2020	2019 Annual Results Announcement – Press Conference and Investor Presentations
12 Jun 2020	2019 AGM
28 Aug 2020	2020 Interim Results Announcement – Press Conference and Investor Presentations

The Company continues to maintain an active and open dialogue with the capital markets, actively introduce business developments, and respond to market concerns in a timely manner by holding post-results roadshows, participating in investment banking forums, receiving visits from analysts and investors, and convening teleconferences. Feedback from investors and analysts is regularly and systematically communicated to the Board, forming a positive communication cycle and helping the Company formulate long-term development strategies.



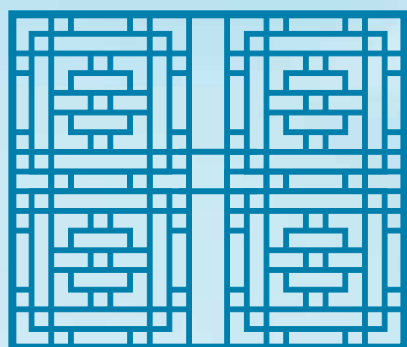
During the Year, the senior management team and the investor relations team attended 12 large-scale investment conferences organized by investment banks and securities firms, and participated in more than 150 investor meetings as well as teleconferences, enabling more investors to understand the Company’s business activities and investment value:

Date	Events	Organizer	Venue
7 Jan	BNP Paribas China Property Conference	BNP Paribas	Hong Kong
14 Jan	Asia Credit Corporate Day	Barclays	Hong Kong
16 Jun	HSBC 4th Annual Asia Credit Conference	HSBC	Online
23 Jun	Citi’s Asia Pacific Property Conference	Citi	Online
10 Sep	China Securities Autumn Capital Market Summit 2020	China Securities	Shanghai
10 Sep	CITIC Securities Strategy Conference	CITIC Securities	Shanghai
14-15 Sep	27th Annual CITIC CLSA Flagship Investors’ Forum	CITIC CLSA	Online
14 Oct	BofA Asian Credit Conference 2020	BofA	Online
4 Nov	Goldman Sachs China Conference 2020	Goldman Sachs	Online
6 Nov	15th Citi China Investor Conference	Citi	Online
12 Nov	Annual Strategy Conference 2021	Industrial Securities	Shanghai
4 Dec	Annual Strategy Conference 2021	Haitong Securities	Online

To maintain high transparency standards, our investor relations team will continue to enhance the quality of communication with the capital markets.

To ensure clear and timely disclosure of information for shareholders, the capital markets and the public, the Company’s website (www.chinagreentown.com) offers timely access to its financial information, announcements, circulars and monthly newsletters. Interested parties can also make enquiries by contacting the investor relations department by phone at (+852 25233138) or by email to ir@chinagreentown.com.





Report of the Directors





Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “Consolidated Financial Statements”) to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 51, 21 and 20 to the Consolidated Financial Statements, respectively. There was no significant change in the nature of the Group’s principal business during the year ended 31 December 2020 (the “Year”).

Business Review

The principal activities of the Group are property development and related business in China. The operating results and development prospects will be affected by Chinese real estate control policies, financial policies and economic development. The Group will make timely response to the changes in the external environment in order to maintain the stability and growth of its operating results.

A fair review of the Group’s business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of the likely future development of the Group’s business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group’s business, key performance indicators) are provided in the section headed “Management Discussion and Analysis” of this annual report and in the notes to the financial statements.

To the extent necessary for an understanding of the development, performance or position of the Group’s business, a discussion of the Group’s key relationships with its stakeholders that have a significant impact on the Group and on which the Group’s success depends are provided in the section headed “Environmental and Social Responsibility Report” of this annual report.

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group endeavors to comply with the relevant laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group reviews its environmental policies on a regular basis. Further details of the Group’s environmental policies and performance are provided in the section headed “Environmental and Social Responsibility Report”.

Compliance with Relevant Laws and Regulations

The Group and its business operations are subject to various laws, rules and regulations. The Company seeks to ensure adherence to such laws, rules and regulations through various measures such as internal controls, approval procedures, staff trainings and oversight of business operations at different levels of the Group. The Board also monitors the Group’s policies and practices on compliance with relevant laws, rules and regulations on a regular basis.

So far as the Directors and senior management are aware, for the year ended 31 December 2020, the Group has obtained the approvals, permits, consents, licenses and registrations required for and material to its business and operations, and there was no material breach of the relevant laws and regulations by the Group that has a significant impact on the Group.



Financial Positions and Results

The financial positions of the Group as at 31 December 2020 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 130 to 132 of this annual report.

The results of the Group for the year ended 31 December 2020 prepared in accordance with IFRS are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 129 of this annual report. A financial summary of the Group for the last five financial years is set out on page 007 of this annual report.

Reserves

Details of movements in reserves of the Group in 2020 are set out in the Consolidated Statement of Changes in Equity on page 133 of the annual report.

Distributable Reserves of The Company

The Company's reserves available for distribution to shareholders as at 31 December 2020 were RMB1,136,957,000.

Dividends

The Board recommends the payment of a final dividend of RMB0.35 per share for the year ended 31 December 2020 (the "2020 Final Dividend") (2019: RMB0.3) to the ordinary Shareholders whose names appear on the Company's register of members as at 29 June 2021 (Tuesday). Subject to approval of Shareholders at the forthcoming annual general meeting of the Company (the "AGM"), the 2020 Final Dividend is expected to be paid before 31 July 2021.

Segment Information

The reporting segments of the Group are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Project management

The segment information for the year ended 31 December 2020 is set out in note 5 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 16 to the Consolidated Financial Statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 35 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement 1	Placement 2	Placement 3	Placement 4
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK\$8.22 per share	HK\$16.35 per share	HK\$5.20 per share	HK\$5.20 per share	HK\$9.50 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012	26 May 2020
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares	323,000,000 shares

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2020.

Purchase, Sale or Redemption of the Listed Securities of the Company

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Year.

Issuance under General Mandate

During the Year, the Company has, by way of general mandate, issued 323,000,000 ordinary shares (par value: HK\$0.1 per share; aggregate nominal value: HK\$32,300,000) at a subscription price of HK\$9.50 per share to Hong Kong Xinhua Investment Co., Limited, a wholly-owned subsidiary of Xinhua Zhongbao Co., Ltd., a company listed on the Shanghai Stock Exchange principally engaged in the businesses of, among other things, real estate, financial service and fintech and high technology investment. The reasons for the issuance included introduction of strategic shareholder, creation of opportunities for enhanced strategic dialogue and cooperation, strengthening the capital base and financial position of the Group, and broadening Shareholder base of the Company.

The aggregate gross proceeds of the issuance was HK\$3,068,500,000 and the aggregate net proceeds after deduction of all relevant expenses were approximately HK\$3,067,500,000, representing a net issue price of approximately HK\$9.497 per issued share.

The date on which the terms of the issuance were fixed was 26 April 2020 (Sunday) and the closing price of the shares of the Company on the immediately preceding trading day was HK\$7.01 per share, as quoted on the Stock Exchange.

As disclosed in the announcement of the Company dated 26 April 2020, the net proceeds from the issuance were intended to be used for general corporate purposes, repayment of loan and/or as general working capital, and had been fully applied as at the date of this report:

Purpose	Amount (HK\$)
General corporate purposes and working capital including funding the operation of principal businesses and projects and setting aside for final dividend payment	1,897,500,000
Repayment of loan	1,170,000,000



Repurchase of the 2020 Notes

On 14 July 2020, the Company completed the repurchase of an aggregate principal amount of USD149,999,000 out of its USD600,000,000 4.55% senior notes due 2020 (ISIN XS2076070619) (the “2020 Notes”). The repurchased 2020 Notes has been cancelled. After cancellation of the repurchased 2020 Notes, the aggregate outstanding principal amount of the 2020 Notes is USD450,001,000. For details of the repurchase of the 2020 Notes, please refer to the announcements of the Company dated 7 July 2020, 15 July 2020 and 20 July 2020. The Company has fully redeemed the 2020 Notes in November 2020 on the final maturity date of the 2020 Notes.

Issuance of 5.65% 2025 Senior Notes

On 13 July 2020, the Company announced that approval has been granted for the listing of its USD300,000,000 5.65% senior notes due 2025 (the “5.65% 2025 Notes”). The gross proceeds from the notes issue, without deducting subscription discounts, commissions and other estimated expenses payable in connection with the issue of 5.65% 2025 Notes, was USD300,000,000. The listing and permission to deal became effective on 14 July 2020. For details, please refer to the announcements of the Company dated 7 July 2020 and 13 July 2020.

Redemption of Notes issued by Wisdom Glory

On 20 July 2020, Wisdom Glory Group Limited (“Wisdom Glory”), a wholly-owned subsidiary of the Company, has exercised its option to redeem all of the USD450,000,000 senior perpetual notes (the “Senior Perpetual Notes”) it issued and listed on the Stock Exchange. The withdrawal of listing of the Senior Perpetual Notes took effect on 29 July 2020. For details, please refer to the announcement of the Company dated 22 July 2020.

Redemption of 2015 USD Notes

The Company has fully redeemed its senior notes issued in 2015 with the aggregate principal amount of USD500,000,000 (“2015 USD Notes”) on 11 August 2020, the final maturity date of the 2015 USD Notes.

Listing of Greentown Management

On 10 July 2020, Greentown Management Holdings Company Limited (“Greentown Management”), a subsidiary of the Group, was listed on the Main Board of Hong Kong Stock Exchange. Greentown Management issued a total of 525,316,000 new shares at an offer price of HK\$2.50 per Greentown Management Share under its global offering (including 47,756,000 shares issued as a result of the exercise of the over-allotment option (“Over-allotment Option”) by the joint representatives on behalf of the international underwriters in the global offering). The Company’s shareholding in Greentown Management was approximately 73.17% immediately after the completion of the global offering and the issuance and allotment of shares pursuant to the full exercise of the Overallotment Option. The total proceeds of approximately HK\$1,213.1 million (after deducting underwriting fees, commissions and other estimated listing expenses payable by Greentown Management and as disclosed in the announcement of the offer price and allotment results dated 9 July 2020 and the announcement dated 27 August 2020 of Greentown Management) from the global offering (including the over-allotment) will be utilized for the purposes as set out in the prospectus dated 29 June 2020 and the announcement of the offer price and allotment results dated 9 July 2020 of Greentown Management. For details, please refer to the announcements of the Company dated 9 July 2020, 10 July 2020 and 30 July 2020 and the announcements of Greentown Management.

Issuance of 4.70% 2025 Senior Notes

On 21 October 2020, the Company announced that approval has been granted for the listing of its USD300,000,000 4.70% senior notes due 2025 (the “4.70% 2025 Notes”). The gross proceeds from the notes issue, without deducting subscription discounts, commissions and other estimated expenses payable in connection with the issue of 4.70% 2025 Notes, was USD300,000,000. The listing and permission to deal became effective on 30 October 2020. For details, please refer to the announcements of the Company dated 21 October 2020 and 29 October 2020.

Directors

During the year ended 31 December 2020, directors of the Company were as follows:

Executive Directors

Mr ZHANG Yadong (Chairman of the Board)
Mr LIU Wensheng
Mr GUO Jiafeng
Mr ZHOU Lianying
Mr GENG Zhongqiang
Mr LI Jun

Non-Executive Directors

Mr Stephen Tin Hoi NG
(Mr Andrew On Kiu CHOW as his alternate)
Mr WU Yiwen (Appointed on 26 May 2020)

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang (Resigned on 17 April 2020)
Mr SZE Tsai Ping, Michael (Resigned on 17 April 2020)
Mr HUI Wan Fai
Mr QIU Dong (Appointed on 17 April 2020)
Mr ZHU Yuchen (Appointed on 17 April 2020)

In accordance with Article 130 of the Articles of Association of the Company, one-third of the directors for the time being or, if the number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr GENG Zhongqiang, Mr LI Jun, Mr JIA Shenghua and Mr HUI Wan Fai will retire at the forthcoming AGM. In addition, according to Article 114 of the Articles of Association of the Company, any director appointed by the Board will hold office until the first general meeting of the Company after his/her appointment. Therefore, Mr WU Wende and Ms HONG Lei will retire at the AGM. Each of the above retiring directors, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

Each of the executive directors had entered into a service contract with the Company for a term of three years and shall be in effect until terminated by either party by giving not less than three months' prior notice in writing, renewable on expiry on mutual consent.

Each of the non-executive directors and independent non-executive directors entered into an appointment letter with the Company regarding his appointment for a term of three years. Subject to the terms and conditions of the appointment letter, the appointment is renewable on expiry on mutual consent. Their respective appointments as a non-executive director or an independent non-executive director shall also be subject to retirement by rotation at the annual general meetings of the Company and each of them shall be eligible for re-election in accordance with the Articles of Association of the Company.

Save as disclosed, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 40 to 47 of this annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 12 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 12 to the Consolidated Financial Statements.

Independence of Independent Non-Executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2020, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Personal Interests in Underlying Shares (including Share Options or Award Shares Granted to Directors)	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Interested	% of Issued Share Capital of the Company Held
Mr ZHANG Yadong	13,270,949 (note 1)	–	–	13,270,949	0.532%
Mr LIU Wensheng	12,986,129 (note 2)	–	–	12,986,129	0.521%
Mr GUO Jiafeng	4,000,000 (note 3)	–	–	4,000,000	0.160%
Mr ZHOU Lianying	2,500,000 (note 4)	–	–	2,500,000	0.100%
Mr GENG Zhongqiang	2,500,000 (note 5)	–	–	2,500,000	0.100%
Mr LI Jun	6,433,573 (note 6)	–	–	6,433,573	0.258%
Mr Andrew On Kiu CHOW	500,000 (note 7)	–	–	500,000	0.020%

Notes:

- (1) It includes (i) 7,600,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2019 to 27 August 2028; (ii) 5,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030. The aforesaid represents an aggregate of 12,600,000 shares; and (iii) 670,949 award shares subject to vesting conditions granted in 2019. Mr ZHANG is also interested (long position) in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.
- (2) It includes (i) 7,400,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2018 to 26 December 2027; (ii) 5,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030. The aforesaid represents an aggregate of 12,400,000 shares; and (iii) 586,129 award shares subject to vesting conditions granted in 2019. Mr LIU is also interested (long position) in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.
- (3) 4,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030. Mr GUO is also interested (long position) in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.
- (4) 2,500,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030.
- (5) 2,500,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030.
- (6) It includes (i) 1,900,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2018 to 26 December 2027; (ii) 1,300,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2019 to 27 August 2028; (iii) 3,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030. The aforesaid represents an aggregate of 6,200,000 shares; and (iv) 233,573 award shares subject to vesting conditions granted in 2019.
- (7) Shares held as beneficial owner.

Save as disclosed above, as at 31 December 2020, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.



Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2020, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder (note 1)	Interest or Short Position in the Shares or Underlying Shares (note 2)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG (note 3)	624,851,793 (L)	Interest of controlled Corporations	25.052%
CCCG Holding (HK) Limited (note 4)	524,851,793 (L)	Beneficial owner	21.043%
HSBC Trustee (C.I.) Limited (note 5)	557,554,793 (L)	Interest of controlled corporations	22.354%
Wheelock and Company Limited ("Wheelock") (note 6)	557,554,793 (L)	Interest of controlled corporations	22.354%
The Wharf (Holdings) Limited ("Wharf") (note 7)	557,554,793 (L)	Interest of controlled corporations	22.354%
Mr HUANG Wei (note 8)	323,000,000 (L)	Interest of controlled corporations	12.950%
Ms LI Ping (note 9)	323,000,000 (L)	Interest of spouse	12.950%
Zhejiang Xinhua Group Co., Ltd. (note 10)	323,000,000 (L)	Interest of controlled corporations	12.950%
Xinhua Zhongbao Co., Ltd. (note 11)	323,000,000 (L)	Interest of controlled corporations	12.950%
Hong Kong Xinhua Investment Co., Limited (note 12)	323,000,000 (L)	Beneficial owner	12.950%
Mr SONG Weiping	8,150,000 (L) (note 13)	Personal interests in underlying Shares (share options)	9.008% in total
	216,530,924(L) (note 14)	Interest of controlled corporations	
Ms XIA Yibo (note 15)	224,680,924 (L)	Interest of spouse	9.008%

Notes:

- (1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.
- (2) The letter "L" denotes a long position.
- (3) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited.
- (4) A company controlled by CCCG by virtue of SFO.
- (5) HSBC Trustee (C.I.) Limited is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").
- (6) Wheelock is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.
- (7) Wharf is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wharf China Holding Limited and Target Smart.
- (8) HUANG Wei is deemed to be interested in 323,000,000 Shares through his controlled corporations, namely Zhejiang Xinhua Group Co., Ltd., Xinhua Zhongbao Co., Ltd. and Hong Kong Xinhua Investment Co., Limited.
- (9) Ms LI Ping is the spouse of Mr HUANG Wei. Accordingly, pursuant to Part XV of the SFO, Ms. LI Ping is deemed to be interested in Mr HUANG Wei's interests in the Company.
- (10) Zhejiang Xinhua Group Co., Ltd. is controlled by Mr HUANG Wei.
- (11) Xinhua Zhongbao Co., Ltd. is deemed to be interested in 323,000,000 Shares through its controlled corporation, namely Hong Kong Xinhua Investment Co., Limited.
- (12) A company controlled by Xinhua Zhongbao Co., Ltd. by virtue of SFO.
- (13) Share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share state on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2018 to 26 December 2027.
- (14) Mr SONG Weiping, being the sole shareholder of Delta House Limited, is deemed to be interested in 116,530,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (15) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 116,530,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 224,680,924 Shares.

Save as disclosed above, as at 31 December 2020, the Company has not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying shares of the Company required to be recorded under section 336 of the SFO.



As at 31 December 2020, save as disclosed below, none of the directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company which Had Such Discloseable Interest or Short Position in the Shares	Position within Such Company
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr Stephen Tin Hoi NG	The Wharf (Holdings) Limited Wheelock	Chairman and Managing Director Deputy Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi NG's alternate)	The Wharf (Holdings) Limited	Deputy Chairman and Executive Director

Share Option Scheme

The 2006 Share Option Scheme has been terminated upon adoption of the 2016 Share Option Scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 (the "Effective Date"). The 2016 Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a consideration of HK\$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the total number of Shares in respect of which share options may be granted is not permitted to exceed 10% of the Shares of the Company in issue at the adoption date, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The total number of options available for issue under the Share Option Scheme was 30,003,219 shares, representing approximately 1.2% of the issued share capital of the Company as at the date of this report.

Details of the Company's Share options granted, exercised, cancelled and lapsed pursuant to the 2016 Share Option Scheme during the year ended 31 December 2020 were as follow:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK\$)
Directors									
Mr ZHANG Yadong	2,280,000	-	-	-	-	2,280,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	2,280,000	-	-	-	-	2,280,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	1,520,000	-	-	-	-	1,520,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	760,000	-	-	-	-	760,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	760,000	-	-	-	-	760,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	-	1,500,000	-	-	-	1,500,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	1,500,000	-	-	-	1,500,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	1,000,000	-	-	-	1,000,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2025 to 28 December 2030	11.152
	7,600,000	5,000,000	-	-	-	12,600,000			
Mr LIU Wensheng	2,220,000	-	-	-	-	2,220,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,220,000	-	-	-	-	2,220,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,480,000	-	-	-	-	1,480,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	740,000	-	-	-	-	740,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	740,000	-	-	-	-	740,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	-	1,500,000	-	-	-	1,500,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	1,500,000	-	-	-	1,500,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	1,000,000	-	-	-	1,000,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2025 to 28 December 2030	11.152
	7,400,000	5,000,000	-	-	-	12,400,000			
Mr GUO Jiafeng	-	1,200,000	-	-	-	1,200,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	1,200,000	-	-	-	1,200,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	800,000	-	-	-	800,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	400,000	-	-	-	400,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	400,000	-	-	-	400,000	29 December 2020	29 December 2025 to 28 December 2030	11.152
	-	4,000,000	-	-	-	4,000,000			
Mr ZHOU Lianying	-	750,000	-	-	-	750,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	750,000	-	-	-	750,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	250,000	-	-	-	250,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	250,000	-	-	-	250,000	29 December 2020	29 December 2025 to 28 December 2030	11.152
	-	2,500,000	-	-	-	2,500,000			

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK\$)
Mr GENG Zhongqiang	-	750,000	-	-	-	750,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	750,000	-	-	-	750,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	500,000	-	-	-	500,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	250,000	-	-	-	250,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	250,000	-	-	-	250,000	29 December 2020	29 December 2025 to 28 December 2030	11.152
	-	2,500,000	-	-	-	2,500,000			
Mr LI Jun	570,000	-	-	-	-	570,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	570,000	-	-	-	-	570,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	380,000	-	-	-	-	380,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	190,000	-	-	-	-	190,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	190,000	-	-	-	-	190,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	390,000	-	-	-	-	390,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	390,000	-	-	-	-	390,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	260,000	-	-	-	-	260,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	130,000	-	-	-	-	130,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	130,000	-	-	-	-	130,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	-	900,000	-	-	-	900,000	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	900,000	-	-	-	900,000	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	600,000	-	-	-	600,000	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	300,000	-	-	-	300,000	29 December 2020	29 December 2024 to 28 December 2030	11.152
-	300,000	-	-	-	300,000	29 December 2020	29 December 2025 to 28 December 2030	11.152	
	3,200,000	3,000,000	-	-	-	6,200,000			
Employees									
Certain other employees of the Company's subsidiaries, associated companies and jointly controlled entities	14,865,000	-	256,000	-	2,535,000	12,074,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	14,865,000	-	-	-	2,535,000	12,330,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	9,910,000	-	-	1,690,000	-	8,220,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	4,955,000	-	-	845,000	-	4,110,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	4,955,000	-	-	845,000	-	4,110,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	-	16,604,880	-	-	-	16,604,880	29 December 2020	29 December 2021 to 28 December 2030	11.152
	-	16,604,880	-	-	-	16,604,880	29 December 2020	29 December 2022 to 28 December 2030	11.152
	-	11,069,920	-	-	-	11,069,920	29 December 2020	29 December 2023 to 28 December 2030	11.152
	-	5,534,960	-	-	-	5,534,960	29 December 2020	29 December 2024 to 28 December 2030	11.152
	-	5,534,960	-	-	-	5,534,960	29 December 2020	29 December 2025 to 28 December 2030	11.152
	49,550,000	55,349,600	256,000	3,380,000	5,070,000	96,193,600			
Total	67,750,000	77,349,600	256,000	3,380,000	5,070,000	136,393,600			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, 256,000 share options were exercised, 3,380,000 share options were cancelled and 5,070,000 share options were lapsed. The closing price of the Shares of the Company immediately before 29 December 2020, the date of grant of share options during the Year, was HK\$10.76 per Share. The weighted average closing price of the Shares immediately before the dates on which the share options were exercised were HK\$11.97 per share.

For other details regarding the share option scheme(s) of the Company, please refer to note 41 to the consolidated financial statements of the Company in this report.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the “Models”) to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009, 2017, 2018 and 2020 are set out in note 41 to the Consolidated Financial Statement.

Share Award Scheme

The Company has adopted a share award scheme. Unless the trustee and the Board otherwise agree in writing and subject to the requirements under the applicable laws and regulations, the total number of Shares held by the trustee under the trust (including the award shares which remain unvested) shall not exceed 1% of the total number of Shares in issue from time to time. As of the date of this report, there is no award share held by the trustee under the scheme available for grant. There is no maximum entitlement for participant under the scheme. An awardee must confirm acceptance of the award share within 5 business days after the date of the grant notice. If the closing price of the Shares on a vesting date represents less than 110% of the closing price of the Shares on a reference date as determined by the Board, the vesting dates may be postponed to such later dates as determined by the Board. The vesting terms and conditions shall be at the discretion of the Board and there is no amount necessary for the application or acceptance of an award share. The Share Award Scheme, adopted on 21 March 2019, has a term of 10 years (subject to any early termination as may be determined by the Board).



Details of the movement of the award shares were as follow:

Name of Awardee	No. of Award Shares Held by the Trustee under the Share Award Scheme at the Beginning of the Year	No. of Award Shares Granted during the Year	No. of Award Shares Vested during the Year	No. of Award Shares Held by the Trustee under the Share Award Scheme at the End of the Year
Directors				
Mr ZHANG Yadong	670,949	0	293,064	377,885
Mr LIU Wensheng	586,129	0	293,064	293,065
Mr LI Jun	233,573	0	116,786	116,787
Employees				
Other than Directors	5,923,349	0	2,897,808	3,025,541

Award shares under the Share Award Scheme were granted on 7 June 2019. All award shares vested during the Year were vested on 8 June 2020, with the balance to be vested on 8 June 2021. There was no award share granted or in any way cancelled or lapsed during the Year.

For the purpose of and the minimum period for vesting under the share award scheme, please refer to note 41 Share-based Payment Transactions of the financial statements in this Report.

Greentown Management 2020 Share Award Scheme

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

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

Greentown Management Group has granted 35,740,000 shares to the 45 employees and directors in the current year, representing 1.83% of the total number of issued Greentown Management Shares. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

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

For the grantees, Mr GUO Jiafeng, Mr ZHANG Yadong, Mr LIU Wensheng, Mr LI Jun, and Mr LIN Sanjiu, being the executive Directors/ non-executive Directors; Mr YU Cheeric James, a chief executive of Greentown Management; and seven directors of certain subsidiaries of Greentown Management, are connected persons of Greentown Management (the “Connected Grantees”). Further details of the Grantees are as set out below:

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

Directors’ Material Interests in Transactions, Arrangements or Contracts of Significance

Other than as disclosed in the section headed “Connected Transactions and Continuing Connected Transactions” of this annual report and in note 48 to the Consolidated Financial Statements, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract, which is of significance to the business of the Group and to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party, subsisting at any time during, or at the end of, the year ended 31 December 2020.

Permitted Indemnity Provision

Pursuant to the Company’s Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors’ and officers’ liability insurance coverage for the Directors and officers of the Group.



Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2020 are disclosed in note 48 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules as and where applicable and relevant.

(A) Connected Transactions

1.1 Transfer of Stakes in the Project on Changping District, Beijing

On 20 March 2020, Beijing Boyi, a wholly-owned subsidiary of the Company, entered into an agreement with Tianjin Shimao New Prospect Property Co., Ltd. ("Tianjin Shimao"), CCCG Real Estate Group Co., Ltd. ("CCCG Real Estate") and Beijing Zhiping Real Estate Development Co., Ltd. (the "Project Company", a wholly-owned subsidiary of the Company as of the date of the agreement) in relation to, among other things, the disposal of part of the interests in the equity of the Project Company and in the development of the project from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate. The project comprised of the development of a land of a planned aboveground gross floor area of approximately 170,022 sqm into residential properties in Changping District, Beijing, the PRC. The total sums payable by Tianjin Shimao and CCCG Real Estate under the agreement were RMB2,789,691,500 and RMB984,597,000, respectively. Pursuant to the agreement, Tianjin Shimao and CCCG Real Estate acquired 42.5% and 15% equity interest in the Project Company, respectively, and agreed to contribute to the registered capital of the Project Company and the development of the project pro rata to their respective shareholdings.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCG Real Estate, a subsidiary of CCCG) are connected persons of the Company.

Details of the above were disclosed in the announcement of the Company dated 20 March 2020.

1.2 Provision of Project Management Services in Relation to the Zhoushan Free Trade Zone Financial Centre Project

On 25 March 2020, Greentown Management entered into an agreement with CCCC Zhoushan Qiandao Central Business District Development Co. Ltd. ("CCCC Zhoushan Company"). Pursuant to the agreement, Greentown Management agreed to provide CCCC Zhoushan Company with project management services in the construction project of Zhoushan Free Trade Zone Financial Centre Project (located in the Central Business District, Qiandao area, Zhoushan city, Zhejiang province, with a gross construction area of approximately 29,219.43 sqm, for development into hotels, commercial properties, business offices and public facilities; as of the date of the agreement, the estimated total construction costs of the project is RMB1.8 billion). The consideration for providing project management services to CCCC Zhoushan Company in the Project is 3% of the total construction costs of the project.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Zhoushan Company, a subsidiary of CCCG) are connected persons of the Company.

Details of the above were disclosed in the announcement of the Company dated 25 March 2020.

1.3 Construction Agreement in Relation to Xi'an National Games Village Plot 10# Commercial Properties

Xi'an International Land Port National Games Village Development Co., Ltd. ("Xi'an International Land Port"), a non-wholly owned subsidiary of the Company, conducted the selection process for the main contractor for commercial properties construction works under Plot 10# of Xi'an National Games Village by way of an open bidding process, and CCCC-SHEC Fifth Engineering Co., Ltd. ("CCCC-SHEC Fifth Engineering") was selected in accordance with the relevant requirements under the tender documents after public review. On 31 August 2020, Xi'an International Land Port entered into the Construction Agreement with CCCC-SHEC Fifth Engineering pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the commercial properties construction works of Plot 10# of Xi'an National Games Village at a consideration of RMB72,073,489.60.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC-SHEC Fifth Engineering) are connected persons of the Company.

Details of the above were disclosed in the announcement of the Company dated 31 August 2020.

1.4 Provision of Project Management Services in Relation to Fuyang District Yinhu Housing Placement Construction Project

On 11 December 2020, Greentown Real Estate Construction Management Group Co., Ltd ("Greentown Real Estate Construction Management") and Greentown Leju Construction Management Group Co., Ltd. ("Greentown Leju"), each a non-wholly owned subsidiary of the Company, entered into an agreement with Hangzhou Sanhang Yinhu Construction Development Co., Ltd. ("Hangzhou Sanhang Yinhu"). Pursuant to the agreement, Greentown Real Estate Construction Management and Greentown Leju agreed to provide Hangzhou Sanhang Yinhu with project management services in relation to the construction project of plots 2#, 8#, 9# and 10# of Fuyang District Yinhu Housing Placement Construction Project at a consideration of 2.5% (RMB73,610,000 as of the date of the agreement) of the settled total investment amount of the Project.

CCCG is a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including Hangzhou Sanhang Yinhu) are connected persons of the Company. As such, the entering into of the agreement and the transactions contemplated thereunder constituted a connected transaction of the Company.

For details of the above, please refer to the announcement of the Company of 11 December 2020.

(B) Continuing Connected Transactions

During the Year, the Group conducted the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules.

2.1 Renewed Properties Leasing Agreements

On 12 March 2015, the Company and Greentown Holdings entered into certain leasing agreements, pursuant to which Greentown Holdings leased to the Company certain commercial properties for general commercial uses (the "Commercial Properties") and certain staff quarters as staff quarters of the Group for a term up to 31 December 2017. On 29 March 2018, the Company and Greentown Holdings entered into a properties leasing agreement (the "Renewed Properties Leasing Agreement") in respect of the Commercial Properties for a term up to 31 December 2020.

The annual cap for the rent payable by the Company under the Renewed Properties Leasing Agreement for each of the three years ended 31 December 2020 was RMB10 million.



As at the date of the Renewed Properties Leasing Agreement, as Greentown Holdings was wholly-owned by Mr SONG Weiping, Mr SHOU Bainian, each a Director at the date of the Renewed Properties Leasing Agreement, and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the “Original Shareholders”), Greentown Holdings was a connected person of the Company and the transactions contemplated under the Renewed Properties Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Properties Leasing Agreements were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.2 Renewed Advertising Services Agreement

On 12 March 2015, the Company and Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司) (a non-wholly owned subsidiary of Greentown Holdings) (the “Football Club”) entered into an advertising services agreement (the “Previous Advertising Services Agreement”), pursuant to which the Football Club agreed to provide advertising services to the Company including advertising the Company’s “Greentown Real Estate” brand name at the football games and events participated by the Football Club for a term up to 31 December 2017. On 29 March 2018, the Company and the Football Club entered into an advertising services agreement (the “Renewed Advertising Services Agreement”) in accordance with similar terms of the Previous Advertising Services Agreement for a term up to 31 December 2020.

The annual cap for the aggregate annual advertising fees payable by the Company under the Renewed Advertising Services Agreement for each of the three years ended 31 December 2020 was RMB100 million, RMB110 million and RMB121 million respectively.

As at the date of the Renewed Advertising Services Agreement, as Greentown Holdings was wholly-owned by the Original Shareholders, Greentown Holdings was a connected person of the Company. As at the date of the Renewed Advertising Services Agreement, as the Football Club was a non-wholly owned subsidiary of Greentown Holdings, the Football Club was a connected person of the Company and the transactions contemplated under the Renewed Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Advertising Services Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.3 Renewed Comprehensive Services Agreement

On 12 March 2015, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Previous Comprehensive Services Agreement") in respect of the provision of interior decoration services and supply of raw materials to the Company for a term up to 31 December 2017. On 29 March 2018, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Renewed Comprehensive Services Agreement") in accordance with similar terms of the Previous Comprehensive Services Agreement for a term up to 31 December 2020.

(a) *Interior Decoration Services*

Pursuant to the Renewed Comprehensive Services Agreement, the Original Shareholders agreed to provide, through their associate(s), interior decoration services to the Company for the Company's property developments upon terms not less favourable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Comprehensive Services Agreement, as the Original Shareholders were connected persons of the Company, the provision of interior decoration services by the Original Shareholders through their associates under the Renewed Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) *Supply of Raw Materials*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings agreed to supply, through its associates, certain landscaping raw materials to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Comprehensive Services Agreement, as Greentown Holdings was wholly-owned by the Original Shareholders, Greentown Holdings was a connected person of the Company and the transactions contemplated in paragraph (b) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Comprehensive Services Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.



2.4 Renewed Educational Services Framework Agreement

On 12 March 2015, the Company and Zhejiang Greentown Education Investment Co., Ltd.* (浙江綠城教育投資有限公司) (“Greentown Education”) entered into an educational services framework agreement (the “Previous Educational Services Framework Agreement”) for the provision of early educational participation services by Greentown Education to the Group in the Group’s development projects. On 29 March 2018, the Company and Greentown Education entered into an educational services framework agreement (the “Renewed Educational Services Framework Agreement”) in accordance with similar terms of the Previous Educational Services Framework Agreement for a term up to 31 December 2020. The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by serving three months’ prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Renewed Educational Services Framework Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Educational Services Framework Agreement, as Greentown Education was wholly-owned by the Original Shareholders, Greentown Education was a connected person of the Company and the transactions contemplated under the Renewed Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Educational Services Framework Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018.

2.5 Renewed Healthcare Services Framework Agreement

On 12 March 2015, the Company and Zhejiang Greentown Hospital Investment Co., Ltd.* (浙江綠城醫院投資有限公司) (“Greentown Hospital”) entered into a healthcare services framework agreement (the “Previous Healthcare Services Framework Agreement”) for the provision of healthcare services to the Group for a term up to 31 December 2017. On 29 March 2018, the Company and Greentown Hospital entered into a healthcare services framework agreement (the “Renewed Healthcare Services Framework Agreement”) in accordance with similar terms of the Previous Healthcare Services Framework Agreement for a term up to 31 December 2020. The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by serving three months’ prior written notice. The annual cap for the fees in respect of healthcare services payable by the Company under the Renewed Healthcare Services Framework Agreement for each of the three years ended 31 December 2020 was RMB10 million.

As at the date of the Renewed Healthcare Services Framework Agreement, as Greentown Hospital was controlled by the Original Shareholders, Greentown Hospital was a connected person of the Company and the transactions contemplated under the Renewed Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Healthcare Services Framework Agreement were disclosed in the announcements of the Company dated 29 March 2018 and 29 May 2018. The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2020 were as follows:

Transaction Amounts for the Year Ended 31 December 2020	RMB'000
Annual rental pursuant to the Renewed Properties Leasing Agreements	3,379
Advertising fees pursuant to the Renewed Advertising Services Agreement	60,047
Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement	113
Purchase cost of raw materials pursuant to the Renewed Comprehensive Services Agreement	–
Educational services fees pursuant to the Renewed Educational Services Framework Agreement	7,002
Healthcare services fees pursuant to the Renewed Healthcare Services Framework Agreement	–

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

- (a) entered into by members of the Group in the ordinary and usual course of its business;
- (b) on normal commercial terms or better; and
- (c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged 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 his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the Directors, all the above transactions have been entered into in the ordinary and usual course of the Group's business and are conducted on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.



Directors' Interest in Competing Business

We set out below other directors' interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Name of Director	Name of Competing Entity	Nature of Business of the Competing Entity	Nature of Interest of the Director in the Competing Entity
Mr Stephen Tin Hoi NG	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Chairman and Managing Director
	Wharf Real Estate Investment Company Limited		Chairman and Managing Director
	Wheelock		Deputy Chairman
	Harbour Centre Development Limited		Chairman
	Wharf Estates Singapore Pte. Ltd.		Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi Ng's alternate)	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Deputy Chairman and Executive Director

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the Year, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Tax Relief

The Company is not aware of any relief from taxation available to shareholders of the Company by reason of their holding of Company's shares.

Donations

During the year ended 31 December 2020, the Company made charitable donations amounting to RMB1,625,000.

Annual General Meeting

The forthcoming AGM is proposed to be held on 18 June 2021 (Friday). A notice convening the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

- (i) From 15 June 2021 (Tuesday) to 18 June 2021 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 11 June 2021(Friday); and
- (ii) From 25 June 2021 (Friday) to 29 June 2021 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2020 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2020 Final Dividend, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 24 June 2021 (Thursday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2020 have been audited by Messrs. Deloitte Touche Tohmatsu.

By order of the Board

Chairman

ZHANG Yadong

22 March 2021

Independent Auditor's Report

Deloitte.

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TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 129 to 286, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Net realisable value for properties under development and completed properties for sale</p> <p>We identified the net realisable value for properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value.</p> <p>Properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value.</p> <p>Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.</p> <p>As disclosed in the consolidated financial statements, as at 31 December 2020, the carrying amounts of properties under development and completed properties for sale are RMB194,209,030,000 and RMB18,341,794,000 respectively (net of accumulated provision of RMB401,092,000 and RMB460,983,000 respectively).</p>	<p>Our procedures in relation to the management's assessment of the net realisable value of properties under development and completed properties for sale included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; • Assessing the reasonableness of estimated selling prices by comparing the management's estimated selling price to the recent average contracted selling price in the same project or the prevailing market price of comparable properties with similar type, size and location; and • Assessing the appropriateness of the estimated costs to completion by comparing the latest estimated costs to completion to the budget approved by management and examined the supporting document such as construction contracts, internal correspondences and approvals.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties stated at fair value</p> <p>We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value.</p> <p>As disclosed in note 18 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2020 at their fair value of approximately RMB4,364,620,000.</p> <p>The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the income approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by market approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.</p>	<p>Our procedures in relation to the valuation of investment properties included, among others:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with the supporting documentation such as signed contracts; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of revenue from sales of properties over time</p> <p>As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB57,334,390,000, of which RMB14,450,510,000 was recognised over time.</p> <p>As disclosed in note 4 to the consolidated financial statements, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group.</p> <p>However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for such sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.</p>	<p>Our procedures in relation to the management's assessment of whether the Group has the enforceable right to payment in those sales contracts recognised over time included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and evaluating the management's procedures in identifying and classifying sales contracts with or without right to payment; • Reviewing the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; • Obtaining and reviewing the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and • Assessing the competence, experience and objectivity of the legal counsel engaged by the management.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date.</p>	<p>Our procedures in relation to the management's assessment of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion and key controls over monitoring of the calculation of the percentage of completion; • Assessing the reasonableness of the basis of percentage of completion calculation and checking the accuracy of the percentage of completion calculation; • Assessing the appropriateness of the estimated costs to completion by comparing the latest estimated costs to completion to the budget approved by management and examined the supporting document such as construction contracts, internal correspondences and approvals; and • Testing the development costs incurred by tracing to the supporting documents.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	5	65,782,531	61,592,939
Cost of sales		(50,209,631)	(45,952,531)
Gross profit		15,572,900	15,640,408
Other income	6	3,017,194	2,667,245
Other gains and losses	7	1,511,822	(40,372)
Selling expenses		(2,320,095)	(2,096,820)
Administrative expenses		(4,323,472)	(4,297,225)
Finance costs	8	(2,228,464)	(1,570,860)
Impairment losses under expected credit loss model, net of reversal	9	(561,517)	(796,887)
Impairment losses on non-financial assets, net of reversal	10	(772,837)	(579,195)
Loss from changes in fair value of investment properties	18	(14,639)	(41,866)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	37	–	43,487
Net gain on disposal of subsidiaries	38	174,902	98,269
Share of results of associates		695,605	1,002,893
Share of results of joint ventures		2,129	(75,951)
Profit before taxation	11	10,753,528	9,953,126
Taxation	13	(4,990,647)	(6,017,704)
Profit for the year		5,762,881	3,935,422
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		42,727	256,752
Other comprehensive income for the year (net of tax)		42,727	256,752
Total comprehensive income for the year		5,805,608	4,192,174
Profit for the year attributable to:			
Owners of the Company		3,796,477	2,480,232
Non-controlling interests		1,966,404	1,455,190
		5,762,881	3,935,422
Total comprehensive income for the year attributable to:			
Owners of the Company		3,829,073	2,736,984
Non-controlling interests		1,976,535	1,455,190
		5,805,608	4,192,174
Earnings per share	15		
Basic		RMB1.05	RMB0.55
Diluted		RMB1.04	RMB0.55

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	9,076,714	9,817,931
Right-of-use assets	17	827,067	1,038,724
Investment properties	18	4,364,620	4,032,818
Goodwill	19	769,241	769,241
Interests in associates	20	18,629,388	12,084,907
Interests in joint ventures	21	5,740,108	3,869,730
Equity instruments at fair value through other comprehensive income	22	2,037,318	1,511,985
Deferred tax assets	23	3,764,898	3,238,893
		45,209,354	36,364,229
CURRENT ASSETS			
Properties for development	24	20,257,965	30,907,247
Properties under development	25	194,209,030	136,615,966
Completed properties for sale		18,341,794	12,167,498
Inventories		326,614	203,711
Trade and other receivables, deposits and prepayments	26	11,203,290	11,312,810
Contract assets	27	3,124,518	2,815,007
Contract costs		532,155	336,467
Amounts due from related parties	48(ii)	45,450,618	46,378,836
Prepaid income taxes		4,454,437	3,559,887
Prepaid other taxes		5,968,882	4,440,223
Pledged bank deposits	28, 42	5,655,839	5,326,761
Bank balances and cash	28	59,547,352	46,567,729
		369,072,494	300,632,142
Assets classified as held for sale	38	–	95,747
		369,072,494	300,727,889

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Trade and other payables	29	46,610,097	43,453,333
Contract liabilities	30	112,798,675	76,324,981
Amounts due to related parties	48(ii)	23,432,261	28,653,456
Income taxes payable		10,463,643	10,473,519
Other taxes payable		12,360,269	8,420,517
Lease liabilities		33,741	27,397
Bank and other borrowings	31	23,628,164	13,950,984
Senior notes	32	62,653	7,712,382
Corporate debt instruments	33	8,819,580	11,643,848
Receipts under securitisation arrangements	34	4,819	1,633,966
		238,213,902	202,294,383
Liabilities associated with assets classified as held for sale	38	–	70,409
		238,213,902	202,364,792
NET CURRENT ASSETS		130,858,592	98,363,097
TOTAL ASSETS LESS CURRENT LIABILITIES		176,067,946	134,727,326
NON-CURRENT LIABILITIES			
Bank and other borrowings	31	63,796,233	45,642,189
Senior notes	32	3,897,129	–
Corporate debt instruments	33	17,100,739	14,993,416
Receipts under securitisation arrangements	34	1,892,822	–
Lease liabilities		103,889	89,038
Deferred tax liabilities	23	4,687,061	4,847,211
		91,477,873	65,571,854
		84,590,073	69,155,472

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital	35	239,264	209,694
Reserves		31,983,885	27,434,904
Equity attributable to owners of the Company		32,223,149	27,644,598
Perpetual securities	36	20,618,316	21,229,002
Non-controlling interests		31,748,608	20,281,872
		84,590,073	69,155,472

The consolidated financial statements on page 129 to 286 were approved and authorised for issue by the Board of Directors on 22 March 2021 and are signed on its behalf by:

ZHANG Yadong
DIRECTOR

GENG Zhongqiang
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company											Total RMB'000
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000	Share-based payments reserve RMB'000	Investments revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non- controlling Interests RMB'000	
				(i)	(ii)							
At 1 January 2019	209,501	-	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the year	-	-	-	-	-	-	-	2,480,232	2,480,232	-	1,455,190	3,935,422
Other comprehensive income for the year	-	-	-	-	-	-	256,752	-	256,752	-	-	256,752
Total comprehensive income for the year	-	-	-	-	-	-	256,752	2,480,232	2,736,984	-	1,455,190	4,192,174
Dividends recognised as distributions (note 14)	-	-	-	-	-	-	-	(499,312)	(499,312)	-	-	(499,312)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(745,375)	(745,375)
Transfer (ii)	-	-	-	-	251,353	-	-	(251,353)	-	-	-	-
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	10,924,228	-	10,924,228
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	(6,082,347)	-	(6,082,347)
Transfer on redemption of perpetual securities	-	-	-	-	-	-	-	(475,581)	(475,581)	475,581	-	-
Recognition of share award	-	-	-	-	-	15,760	-	-	15,760	-	-	15,760
Recognition of equity-settled share-based payments	-	-	-	-	-	42,763	-	-	42,763	-	-	42,763
Exercise of share options	193	-	12,713	-	-	(3,775)	-	-	9,131	-	-	9,131
Interest in perpetual securities recognised as distribution	-	-	-	-	-	-	-	(1,638,650)	(1,638,650)	1,638,650	-	-
Interest in perpetual securities paid	-	-	-	-	-	-	-	-	-	(1,135,425)	-	(1,135,425)
Acquisition of subsidiaries (note 37)	-	-	-	-	-	-	-	-	-	-	594,996	594,996
Purchase of additional interest in subsidiaries	-	-	-	(119,403)	-	-	-	-	(119,403)	-	(121,552)	(240,955)
Partial disposal of interest in subsidiaries	-	-	-	36,348	-	-	-	-	36,348	-	(209)	36,139
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(291,561)	(291,561)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(97,456)	(97,456)
Shares repurchased (note 41)	-	(37,852)	-	-	-	-	-	-	(37,852)	-	-	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,351,724	2,351,724
At 31 December 2019	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share-based payments reserve RMB'000	Investments revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
Profit for the year	-	-	-	-	-	-	-	3,796,477	3,796,477	-	1,966,404	5,762,881
Other comprehensive income for the year	-	-	-	-	-	-	32,596	-	32,596	-	10,131	42,727
Total comprehensive income for the year	-	-	-	-	-	-	32,596	3,796,477	3,829,073	-	1,976,535	5,805,608
Dividends recognised as distributions (note 14)	-	-	-	-	-	-	-	(748,176)	(748,176)	-	-	(748,176)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,374,078)	(2,374,078)
Transfer (ii)	-	-	-	-	184,489	-	-	(184,489)	-	-	-	-
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	2,491,877	-	2,491,877
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	(3,146,085)	-	(3,146,085)
Share issued (note 35)	29,548	-	2,777,732	-	-	-	-	-	2,807,280	-	-	2,807,280
Transfer on redemption of perpetual securities	-	-	-	-	-	-	-	(141,056)	(141,056)	141,056	-	-
Recognition of share-based incentive	-	-	-	-	-	17,364	-	-	17,364	-	-	17,364
Recognition of equity-settled share-based payments	-	-	-	-	-	19,734	-	-	19,734	-	-	19,734
Exercise of share award	-	18,383	-	-	-	(18,383)	-	-	-	-	-	-
Exercise of share options	22	-	2,473	-	-	(530)	-	-	1,965	-	-	1,965
Interest in perpetual securities recognised as distribution	-	-	-	-	-	-	-	(1,322,949)	(1,322,949)	1,322,949	-	-
Interest in perpetual securities paid	-	-	-	-	-	-	-	-	-	(1,420,483)	-	(1,420,483)
Acquisition of subsidiaries (note 37)	-	-	-	-	-	-	-	-	-	-	246,528	246,528
Purchase of additional interest in subsidiaries	-	-	-	(86,660)	-	-	-	-	(86,660)	-	(153,540)	(240,200)
Partial disposal of interest in subsidiaries (iii)	-	-	-	261,393	-	-	-	-	261,393	-	929,710	1,191,103
Disposal of subsidiaries (note 38)	-	-	-	-	-	-	-	-	-	-	(645,705)	(645,705)
Liquidation of subsidiaries	-	-	-	-	-	-	-	(59,417)	(59,417)	-	(74,472)	(133,889)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(12,001)	12,001	-	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	11,561,758	11,561,758
At 31 December 2020	239,264	(19,469)	11,358,303	(1,726,594)	2,381,956	416,228	965,506	18,607,955	32,223,149	20,618,316	31,748,608	84,590,073

Notes:

- (i) Special reserve mainly represents changes in equity attributable to owners of the Company arisen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.
- (iii) Partial disposal of interest in subsidiaries is mainly from the issuance of new shares through initial public offering of Greentown Management Holdings Company Limited ("Greentown Management"). Details are set out in note 48(iii)(c).

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	10,753,528	9,953,126
Adjustments for:		
Share of results of associates	(695,605)	(1,002,893)
Share of results of joint ventures	(2,129)	75,951
Depreciation and amortisation	586,833	608,670
Impairment losses under expected credit loss model, net of reversal	561,517	796,887
Impairment losses on non-financial assets, net of reversal	772,837	579,195
Interest income	(2,403,193)	(1,687,971)
Default penalty income	–	(463,885)
Dividends from equity instruments at fair value through other comprehensive income	(65,436)	(105,179)
Finance costs	2,228,464	1,570,860
Net foreign exchange (gains) losses	(1,118,084)	268,181
Net loss on disposal of property, plant and equipment and right-of-use assets	1,126	16,587
Loss from changes in fair value of investment properties	14,639	41,866
Share-based payment expense	37,098	58,523
Net gain on disposal of subsidiaries	(174,902)	(98,269)
Gain on acquisition of associates and joint ventures at discount	(324,434)	(243,918)
Gain on disposal of an associate and joint ventures	(70,430)	(478)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	–	(43,487)
Operating cash flows before movements in working capital	10,101,829	10,323,766
Decrease (increase) in properties for development	10,634,896	(10,354,326)
Increase in properties under development	(55,214,198)	(26,478,929)
Increase in completed properties for sale	(6,322,167)	(1,656,041)
Increase in inventories	(108,124)	(186,347)
Decrease (increase) in trade and other receivables, deposits and prepayments	1,617,453	(2,887,852)
Increase in contract assets and contract costs	(546,614)	(1,029,653)
Increase in prepaid other taxes	(1,588,234)	(654,965)
Increase in contract liabilities	36,853,048	12,084,220
Increase in trade and other payables	4,105,086	12,447,028
Increase in other taxes payable	3,985,613	6,445,875
Cash generated from (used in) operations	3,518,588	(1,947,224)
Income taxes paid	(6,622,320)	(6,228,881)
NET CASH USED IN OPERATING ACTIVITIES	(3,103,732)	(8,176,105)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(517,232)	(562,462)
Proceeds from disposal of property, plant and equipment		50,517	19,564
Purchase of investment property		(124,615)	(78,290)
Proceeds from disposal of investment property		225,844	69,734
Investments in associates		(6,746,402)	(2,374,638)
Investments in joint ventures		(1,302,186)	(2,084,205)
Disinvestment in associates		17,278	262,949
Disinvestment in joint ventures		906,101	30,000
Dividends received from associates and joint ventures		847,759	631,354
Purchase of equity instruments at fair value through other comprehensive income		(734,591)	(3,498)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		130,953	–
Dividends received from equity instruments at fair value through other comprehensive income		65,436	105,179
Consideration paid for acquisition of a subsidiary recognised in prior year		(96,307)	(200,000)
Consideration received for disposal of subsidiaries and an associate recognised in prior year		60,726	92,000
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	37	(552,692)	(841,617)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	38	(545,369)	(1,664,085)
Increase in deposit paid for acquisition of an associate		–	2,718,000
Acquisition of associates and joint ventures		(1,459,577)	(1,195,767)
Proceeds from disposal of interests in associates and joint ventures		164,593	6,366
Advance to third parties		(1,502,197)	(1,978,620)
Advance to related parties		(25,221,455)	(29,527,205)
Repayment from related parties		22,011,859	14,106,535
Increase in pledged bank deposits		(329,078)	(454,930)
Interest received		2,764,676	1,897,451
NET CASH USED IN INVESTING ACTIVITIES		(11,885,959)	(21,026,185)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	64,438,692	38,930,123
Repayment of bank and other borrowings	(32,947,007)	(24,671,069)
Repayments of leases liabilities	(120,680)	(102,079)
Interest paid	(7,682,193)	(6,146,852)
Advance from third parties	–	4,610,226
Repayment to third parties	(2,521,788)	–
Advance from borrowings from related parties	13,422,226	15,123,323
Repayment to borrowings from related parties	(12,756,794)	(3,023,509)
Contribution by non-controlling shareholders of subsidiaries	11,561,758	2,351,724
Dividends paid to owners of the Company	(748,176)	(499,312)
Dividends paid to non-controlling interests	(2,374,078)	(745,375)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	(133,889)	(97,456)
Proceeds from issue of perpetual securities	2,491,877	10,924,228
Repayment of perpetual securities	(3,146,085)	(6,082,347)
Distribution relating to perpetual securities	(1,420,483)	(1,135,425)
Proceeds from issue of senior notes	4,097,173	4,187,275
Repayment of senior notes	(7,520,730)	–
Proceeds from issue of corporate debt instruments	7,205,656	2,984,188
Repayment of corporate debt instruments	(7,927,086)	(4,000,000)
Proceeds from issue of receipts under securitisation arrangements	1,990,667	–
Repayment of receipts under securitisation arrangements	(1,600,000)	–
Proceeds from exercise of share options	1,965	9,131
Payment on repurchase of shares	–	(37,852)
Purchase of additional interests in subsidiaries	(240,200)	(240,955)
Proceeds from partial disposal of subsidiaries	1,191,103	36,139
Proceeds from issue of shares	2,807,280	–
NET CASH FROM FINANCING ACTIVITIES	28,069,208	32,374,126
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,079,517	3,171,836
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	46,567,729	43,347,301
Effects of exchange rate changes on the balance of cash held in foreign currencies	(99,894)	48,592
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	59,547,352	46,567,729
REPRESENTED BY BANK BALANCES AND CASH	59,547,352	46,567,729

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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1. General Information

Greentown China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed “Corporate Information” of the annual report.

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

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the “Group”) is the development for sale of residential properties in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

For the year ended 31 December 2020

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”) (continued)

New and amendments to IFRSs in issue but not yet effective:

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

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

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

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

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

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

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

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

For the year ended 31 December 2020

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”) (continued)

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

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

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

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRSs requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16 *Lease* (“IFRS 16”);
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

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

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions

Asset acquisitions

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

Business combinations

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

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

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

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

Goodwill

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Goodwill (continued)

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

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

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

Investments in associates and joint ventures

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Non-current assets held for sale

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

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

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

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

Revenue from contracts with customers

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

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

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

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

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

Variable consideration

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Existence of significant financing component

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

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

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

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

Contract costs

Incremental costs of obtaining a contract

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

The Group recognises sales commissions for property sales as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases

Definition of a lease

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

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties for development"/"properties under development"/"completed properties for sale" respectively.

Refundable rental deposits

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

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

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

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

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

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

The Group as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Refundable rental deposits

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

Lease modification

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

Foreign currencies

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Retirement benefit costs

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

Short-term employee benefits

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

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

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

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

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

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

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

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

Property, plant and equipment

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Properties for/under development/completed properties for sale

Properties for/under development which are intended to be sold upon completion of development and completed properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value for properties for/under development is determined by reference to estimated selling price in the ordinary course of business less estimated cost to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

Properties for development are transferred to properties under development upon commencement of development. Properties under development are transferred to completed properties for sale upon completion of development.

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

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Provisions

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is held for trading if:

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

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

- (i) Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.
- (ii) Equity instruments designated as at FVTOCI
Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk

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

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

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

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

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

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Senior notes

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

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

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

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated from host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

For the year ended 31 December 2020

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Shares/share options granted to employees

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

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

At the time when the shares/share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the shares/share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

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

For the year ended 31 December 2020

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying accounting policies (continued)

Timing of revenue recognition

Revenue from property sales is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property sales revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB14,450,510,000 and RMB42,883,880,000 respectively for the year ended 31 December 2020 (for the year ended 31 December 2019: RMB15,602,151,000 and RMB38,830,713,000 respectively).

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

For the year ended 31 December 2020

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

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

Net realisable value for properties under development and completed properties for sale

Properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2020, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB20,257,965,000 (2019: RMB30,907,247,000), RMB194,209,030,000 (2019: RMB136,615,966,000) and RMB18,341,794,000 (2019: RMB12,167,498,000) respectively (net of accumulated provision of RMB56,454,000 (2019: RMB56,454,000), RMB401,092,000 (2019: RMB184,805,000) and RMB460,983,000 (2019: RMB671,735,000) respectively).

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 18.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2020, the carrying amount of the Group's investment properties is RMB4,364,620,000 (2019: RMB4,032,818,000).

For the year ended 31 December 2020

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB8,408,340,000 (2019: RMB7,819,209,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets, including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2020, the carrying amount of trade receivables, contract assets, and other receivables and amounts due from related parties are RMB1,210,644,000, RMB3,124,518,000 and RMB51,731,740,000 respectively (2019: RMB1,065,646,000, RMB2,815,007,000 and RMB53,299,898,000 respectively) (net of accumulated ECL impairment loss of RMB94,460,000, RMB51,647,000 and RMB3,398,344,000 respectively (2019: RMB75,566,000, RMB17,316,000 and RMB3,395,847,000 respectively)). Details of the determination of ECL allowance are set out in note 46(b).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. The carrying amount of goodwill at 31 December 2020 was RMB769,241,000 (2019: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2019: RMB nil)). Details of the impairment loss calculation are set out in note 19.

For the year ended 31 December 2020

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)**Coupon rate of the corporate bonds**

The corporate bonds amounting to RMB14,196,830,000 (2019: RMB13,463,506,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right as defined in note 33. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the effective interest rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 33.

5. Revenue and Segment Information

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020						
	Property sales	Hotel operations	Project management	Design and decoration	Sales of construction materials	Other business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recognised at a point in time	42,883,880	-	-	-	291,914	-	43,175,794
Recognised over time	14,450,510	719,539	1,622,299	3,035,699	-	2,616,953	22,445,000
Revenue from contracts with customers	57,334,390	719,539	1,622,299	3,035,699	291,914	2,616,953	65,620,794

	For the year ended 31 December 2019						
	Property sales	Hotel operations	Project management	Design and decoration	Sales of construction materials	Other business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recognised at a point in time	38,830,713	-	-	-	106,511	-	38,937,224
Recognised over time	15,602,151	878,271	1,828,968	2,815,922	-	1,366,003	22,491,315
Revenue from contracts with customers	54,432,864	878,271	1,828,968	2,815,922	106,511	1,366,003	61,428,539

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers

Property sales

Revenue from property sales is recognised at a point in time in the ordinary course of business when the customers obtain control of the completed properties (ie. when the respective properties have been completed and delivered to the customers) except for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time in accordance with the input method for measuring progress.

The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment result in contract liabilities being recognised until the corresponding revenue is recognised.

The Group considers certain advance payment contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised.

Design and decoration service and project management service

Revenue from design and decoration service and project management service is recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

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

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

The Group does not consider the advance payments pertain to design and decoration service and project management service to have contained significant financing component.

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers (continued)

Hotel operations

The Group's performance obligation from hotel operations is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised over time during the period when the rooms for accommodates are occupied.

Sales of construction materials

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer accept the materials.

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

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

	Property sales RMB'000	Project management service RMB'000
Within one year	62,131,584	2,087,226
More than one year	79,737,573	6,977,127
	141,869,157	9,064,353

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

	Property sales RMB'000	Project management service RMB'000
Within one year	43,790,957	1,696,330
More than one year	50,066,347	9,826,758
	93,857,304	11,523,088

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

All design and decoration service, hotel operations and sales of construction materials are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information

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

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

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

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Project management

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

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

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

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

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

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these are grouped in "Others".

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

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2020								
Revenue from contracts with customers	57,334,390	719,539	-	1,622,299	5,944,566	65,620,794	-	65,620,794
Rental income	-	-	161,737	-	-	161,737	-	161,737
Total external segment revenue	57,334,390	719,539	161,737	1,622,299	5,944,566	65,782,531	-	65,782,531
Inter-segment revenue	-	177	19,113	276,293	2,048,914	2,344,497	(2,344,497)	-
Total	57,334,390	719,716	180,850	1,898,592	7,993,480	68,127,028	(2,344,497)	65,782,531
Segment results	5,774,069	(5,002)	78,528	424,586	(294,202)	5,977,979	-	5,977,979
Unallocated administrative expenses								(124,868)
Unallocated other income								15,602
Unallocated finance costs								(10,786)
Unallocated taxation								(95,046)
Profit for the year								5,762,881

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2019								
Revenue from contracts with customers	54,432,864	878,271	-	1,828,968	4,288,436	61,428,539	-	61,428,539
Rental income	-	-	164,400	-	-	164,400	-	164,400
Total external segment revenue	54,432,864	878,271	164,400	1,828,968	4,288,436	61,592,939	-	61,592,939
Inter-segment revenue	-	1,090	-	240,707	1,588,297	1,830,094	(1,830,094)	-
Total	54,432,864	879,361	164,400	2,069,675	5,876,733	63,423,033	(1,830,094)	61,592,939
Segment results	3,697,880	40,205	100,223	381,124	12,057	4,231,489	(1,090)	4,230,399
Unallocated administrative expenses								(172,241)
Unallocated other income								3,052
Unallocated finance costs								(10,493)
Unallocated taxation								(115,295)
Profit for the year								3,935,422

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2020 RMB'000	2019 RMB'000
Property development	385,459,880	311,117,245
Hotel operations	8,446,500	8,922,880
Property investment	4,569,662	4,183,051
Project management	4,035,788	3,164,715
Others	9,455,708	8,225,251
Total segment assets	411,967,538	335,613,142
Unallocated	2,314,310	1,478,976
Consolidated assets	414,281,848	337,092,118

Segment liabilities

	2020 RMB'000	2019 RMB'000
Property development	317,806,924	257,604,573
Hotel operations	303,749	251,621
Property investment	1,218,853	1,077,581
Project management	1,409,596	1,355,663
Others	7,801,977	6,733,581
Total segment liabilities	328,541,099	267,023,019
Unallocated	1,150,676	913,627
Consolidated liabilities	329,691,775	267,936,646

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than certain trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information

For the year ended 31 December 2020

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	7,371,465	110,234	115,058	33,053	139,902	7,769,712	18,753	7,788,465
Interests in associates	17,974,733	-	-	67,042	587,613	18,629,388	-	18,629,388
Interests in joint ventures	5,646,366	-	-	93,742	-	5,740,108	-	5,740,108
Impairment loss on financial assets, net of reversal	531,076	(713)	-	1,378	32,591	564,332	(2,815)	561,517
Impairment loss on non- financial assets, net of reversal	253,759	214,330	-	-	304,748	772,837	-	772,837
Loss from changes in fair value of investment properties	-	-	11,687	2,952	-	14,639	-	14,639
Net gain on disposal of subsidiaries	(4,720)	(151,622)	-	(18,560)	-	(174,902)	-	(174,902)
Gain on acquisition of associates and joint ventures at discount	324,434	-	-	-	-	324,434	-	324,434
Depreciation of property, plant and equipment	415,860	18,522	116	10,131	29,424	474,053	9,918	483,971
Depreciation of right-of-use assets	49,722	9,217	1,474	9,295	31,908	101,616	7,289	108,905
Loss on disposal of property, plant and equipment and right-of-use assets	560	-	28	-	538	1,126	-	1,126
Interest income	(2,327,971)	(414)	(1,173)	(47,535)	(10,498)	(2,387,591)	(15,602)	(2,403,193)
Finance costs	2,095,355	4,106	45,460	1,465	71,292	2,217,678	10,786	2,228,464
Share of results of associates	(691,894)	-	-	(3,711)	-	(695,605)	-	(695,605)
Share of results of joint ventures	49,332	-	-	(51,461)	-	(2,129)	-	(2,129)
Taxation	4,760,984	(1,845)	12,709	90,999	32,754	4,895,601	95,046	4,990,647

For the year ended 31 December 2020

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2019

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	18,517,576	172,508	92,640	19,418	142,233	18,944,375	80,146	19,024,521
Interests in associates	11,285,655	-	-	55,554	743,698	12,084,907	-	12,084,907
Interests in joint ventures	3,832,241	-	-	37,489	-	3,869,730	-	3,869,730
Impairment loss on financial assets, net of reversal	778,049	-	-	7,775	(7,117)	778,707	18,180	796,887
Impairment loss on non- financial assets, net of reversal	513,551	65,644	-	-	-	579,195	-	579,195
Loss from changes in fair value of investment properties	-	-	25,001	16,865	-	41,866	-	41,866
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	(43,487)	-	-	-	-	(43,487)	-	(43,487)
Net gain on disposal of subsidiaries	(113,383)	-	-	-	15,130	(98,253)	(16)	(98,269)
Gain on acquisition of associates and joint ventures at discount	243,918	-	-	-	-	243,918	-	243,918
Depreciation of property, plant and equipment	185,595	293,107	53	11,548	16,606	506,909	2,877	509,786
Depreciation of right-of-use assets	43,324	25,173	1,554	3,698	28,028	101,777	2,551	104,328
Loss on disposal of property, plant and equipment and right-of-use assets	15,297	-	-	793	497	16,587	-	16,587
Interest income	(1,411,641)	(1,791)	(11,158)	(17,100)	(55,074)	(1,496,764)	(191,207)	(1,687,971)
Finance costs	1,468,647	7,895	63,027	1,573	19,225	1,560,367	10,493	1,570,860
Share of results of associates	(1,009,501)	-	-	6,605	-	(1,002,896)	3	(1,002,893)
Share of results of joint ventures	60,569	-	-	15,382	-	75,951	-	75,951
Taxation	5,705,982	3,976	3,685	136,563	52,203	5,902,409	115,295	6,017,704

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding loss from changes in fair value of investment properties), right-of-use assets, interests in joint ventures and interests in associates and excluded financial instruments, goodwill and deferred tax assets.

For the year ended 31 December 2020

6. Other Income

	2020 RMB'000	2019 RMB'000
Interest income	2,403,193	1,687,971
Government grants (note)	63,142	69,662
Dividends from equity instruments at FVTOCI	65,436	105,179
Default penalty income	–	463,885
Others	485,423	340,548
	3,017,194	2,667,245

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2020 RMB'000	2019 RMB'000
Net foreign exchange gains (losses)	1,118,084	(268,181)
Gain on acquisition of associates and joint ventures at discount (note)	324,434	243,918
Gain on disposal of an associate and joint ventures	70,430	478
Net loss on disposal of property, plant and equipment and right-of-use assets	(1,126)	(16,587)
	1,511,822	(40,372)

Note: The gain on acquisition of associates and joint ventures at discount are from the acquisition of Shanghai Zhonghan Real Estate Co., Ltd. ("Shanghai Zhonghan"), Shenyang Shenbei Jingu Real Estate Co., Ltd. ("Shenyang Shenbei Jingu"), Shenyang Xinhua Pearl Real Estate Co., Ltd. ("Shenyang Xinhua Pearl"), Nantong Qiyang Construction Development Co., Ltd. ("Nantong Qiyang"), Nantong Qixin Real Estate Co., Ltd. ("Nantong Qixin") and Nantong Xinhua Real Estate Co., Ltd. ("Nantong Xinhua"). Details are set out in notes to note 20 and 21.

8. Finance Costs

	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings and amounts due to related parties	5,980,892	4,252,824
Interest on senior notes (note 32)	395,757	278,068
Interest on corporate debt instruments (note 33)	1,363,015	1,386,900
Interest on receipts under securitisation arrangements (note 34)	50,913	82,684
Interest on leases	7,431	9,006
	7,798,008	6,009,482
Less: Capitalised in properties under development and construction in progress	(5,569,544)	(4,438,622)
	2,228,464	1,570,860

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 4.9% (2019: 5.3%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2020

9. Impairment Losses under Expected Credit Loss Model, Net of Reversal

	2020 RMB'000	2019 RMB'000
Impairment losses recognised (reversed) on:		
Contract assets	34,331	17,316
Trade receivables	18,894	(23,029)
Other receivables and amounts due from related parties	508,292	802,600
	561,517	796,887

10. Impairment Losses on Non-Financial Assets, Net of Reversal

	2020 RMB'000	2019 RMB'000
Impairment losses recognised on:		
Property, plant and equipment (note 16)	261,394	65,644
Interest in joint ventures	254,846	–
Properties under development	252,479	184,805
Completed properties for sale	1,280	328,746
Inventories	2,838	–
	772,837	579,195

11. Profit before Taxation

	2020 RMB'000	2019 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	3,815,767	3,294,935
Retirement benefits scheme contributions (note i)	38,462	140,068
Equity-settled share option expenses	37,098	58,523
Staff costs (including directors' emoluments)	3,891,327	3,493,526
Less: Capitalised in properties under development	(1,067,290)	(855,624)
	2,824,037	2,637,902
Depreciation of property, plant and equipment	483,971	509,786
Less: Capitalised in properties under development	(6,043)	(5,444)
	477,928	504,342
Depreciation of right-of-use assets	108,905	104,328
Auditors' remuneration (note ii)	24,939	24,659
Cost of properties and inventories recognised as an expense	47,954,132	44,957,590

- Note: (i) The government assistance have been implemented for the relief of the social insurance in respect of Covid-19. According to the notice issued by the Ministry of Social Affairs (2020) No. 11, in order to minimize the impact of the Covid-19 on social and economic development, the government has reduced the social security fees for medium-sized enterprises from February to December 2020.
- (ii) Auditors' remuneration comprised of remuneration paid/payable to the auditors of the Group, including remuneration paid/payable to the independent auditor of the Company.

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12. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 14 (2019: 14) directors and the chief executive of the Company were as follows:

	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2020 Total RMB'000
Executive directors							
Fees	1,200	1,200	1,200	1,200	1,200	1,200	7,200
Other emoluments:							
Salaries and other benefits	3,800	3,800	1,550	1,050	1,050	1,050	12,300
Contributions to retirement benefits/pension schemes	114	114	94	114	114	114	664
Performance relate incentive payments (note)	4,990	4,990	2,750	2,250	2,250	2,250	19,480
Sub-total	10,104	10,104	5,594	4,614	4,614	4,614	39,644

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

	Tin Hoi NG RMB'000	Wu Yiwen ¹ RMB'000	2020 Total RMB'000
Non-executive directors			
Fees	320	193	513
Other emoluments:			
Salaries and other benefits	-	-	-
Contributions to retirement benefits/pension schemes	-	-	-
Performance relate incentive payments (note)	-	-	-
Sub-total	320	193	513

The non-executive director's emoluments shown above was paid for their services as directors of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael ² RMB'000	KE Huanzhang ² RMB'000	HUI Wan Fai ³ RMB'000	QIU Dong ⁴ RMB'000	ZHU Yuchen ⁴ RMB'000	2020 Total RMB'000
Independent non-executive directors							
Fees	320	107	107	320	212	212	1,278
Other emoluments:							
Salaries and other benefits	-	-	-	-	-	-	-
Contributions to retirement benefits/pension schemes	-	-	-	-	-	-	-
Performance relate incentive payments (note)	-	-	-	-	-	-	-
Sub-total	320	107	107	320	212	212	1,278

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12. Directors', Chief Executive's and Employees' Emoluments (continued)

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

	2020									
	RMB'000									
Total	41,435									
	SONG Weiping ⁵ RMB'000	ZHANG Yadong ⁶ RMB'000	LIU Wensheng ⁷ RMB'000	LI Qing'an ⁸ RMB'000	LI Yongqian ⁹ RMB'000	GUO Jiafeng ² RMB'000	ZHOU Lianying ² RMB'000	GENG Zhongqiang ² RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Fees	631	1,200	1,200	631	631	569	569	569	1,200	7,200
Other emoluments:										
Salaries and other benefits	1,999	3,300	3,800	789	789	735	379	379	1,200	13,370
Contributions to retirement benefits/ pension schemes	16	113	116	60	60	45	60	60	116	646
Performance relate incentive payments (note)	2,625	4,500	4,990	1,473	1,473	1,311	953	953	2,000	20,278
Sub-total	5,271	9,113	10,106	2,953	2,953	2,660	1,961	1,961	4,516	41,494

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

	Tin Hoi
	NG¹⁰
	RMB'000
Non-executive director	
Fees	152
Other emoluments:	
Salaries and other benefits	—
Contributions to retirement benefits/ pension schemes	—
Performance relate incentive payments (note)	—
Sub-total	152

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12. Directors', Chief Executive's and Employees' Emoluments (continued)

The non-executive director's emoluments shown above was paid for his services as director of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2019 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/ pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

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

	2019 RMB'000
Total	42,926

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

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12. Directors', Chief Executive's and Employees' Emoluments (continued)

Equity-settled share option and share award recognised as expenses for the directors of the Company were as follows:

	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2020 Total RMB'000
Executive directors							
Equity-settled share option expense	4,250	2,456	34	21	21	1,317	8,099
Share award	1,373	1,373	-	-	-	547	3,293
Total	5,623	3,829	34	21	21	1,864	11,392

	SONG Weiping RMB'000	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	LI Qing'an ⁸ RMB'000	LI Yongqian ⁸ RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Equity-settled share option expense	2,779	8,939	5,167	-	-	-	-	-	2,816	19,701
Share award	225	1,246	1,246	147	147	-	-	-	497	3,508
Total	3,004	10,185	6,413	147	147	-	-	-	3,313	23,209

Equity-settled share option and share award were due to certain share option schemes and share award scheme disclosed in note 41 and the Group recognised the expense in the profit or loss over the vesting period no matter the equity-settled share option and share award exercise subsequently or not.

- Mr. WU Yiwen was appointed as a non-executive director of the Board on 26 May 2020.
- Mr. SZE Tsai Ping, Michael and Mr. KE Huanzhang were resigned as independent non-executive directors of the Board on 17 April 2020.
- Mr. HUI Wan Fai was appointed as the chairman of the audit committee in place of Mr. SZE Tsai Ping, Michael on 17 April 2020.
- Mr. QIU Dong and Mr. ZHU Yuchen were appointed as independent non-executive directors of the Board on 17 April 2020.
- Mr. SONG Weiping was resigned as a co-chairman of the Board and an executive director on 11 July 2019.
- Mr. ZHANG Yadong was appointed as a chairman of the Board on 11 July 2019.
- Mr. LIU Wensheng was stepped down from his role as a co-chairman of the Board but remained as an executive director and a member of the nomination committee and remuneration committee of the Board on 11 July 2019.
- Mr LI Qingan and Mr LI Yongqian were resigned as executive directors on 11 July 2019 and have not exercised the share options granted under 2016 Share Option Scheme as defined in note 41.
- Mr. ZHOU Lianying, Mr. GUO Jiafeng and Mr. GENG Zhongqiang were appointed as executive directors and executive presidents of the Company on 11 July 2019.
- Mr. Tin Hoi NG was appointed as a non-executive director on 11 July 2019.

Mr. Guo Jiafeng was appointed as a chief executive officer of the Company in place of Mr. Zhang Yadong on 17 December 2020 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the chief executive officer.

No directors waived any emoluments in both years.

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12. Directors', Chief Executive's and Employees' Emoluments (continued)

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

	2020 RMB'000	2019 RMB'000
Salaries and other benefits	–	750
Contributions to retirement benefits/pension schemes	–	88
Performance related incentive payments	–	960
Equity-settled share option expense	–	3,677
	–	5,475

The individual's emolument was within the following band:

	2020 No. of employee	2019 No. of employee
HKD6,000,001 to HKD6,500,000	–	1

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2019: 0).

13. Taxation

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	2,437,138	3,287,569
PRC Land Appreciation Tax ("LAT")	3,448,180	5,072,490
	5,885,318	8,360,059
Over-provision in prior years:		
EIT	(13,941)	(8,562)
Deferred tax:		
EIT	(777,585)	(1,286,079)
LAT	(103,145)	(1,047,714)
	(880,730)	(2,333,793)
	4,990,647	6,017,704

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13. Taxation (continued)

The deferred tax current year is mainly due to the unutilised tax losses and fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group"), Zhejiang Greentown Lianhe Design Co., Ltd., Greentown Construction Management Group Co., Ltd. and Zhejiang Greentown Construction Project Management Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020, year 2020 to 2022, year 2019 to 2021 and year 2020 to 2022 respectively.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

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

	2020 RMB'000	2019 RMB'000
Profit before taxation	10,753,528	9,953,126
Tax at the applicable PRC enterprise income tax rate of 25%	2,688,382	2,488,282
Effect of different tax rates	(31,863)	(9,663)
Tax effect of share of results of associates	(173,901)	(250,723)
Tax effect of share of results of joint ventures	(532)	18,988
Tax effect of income not taxable for tax purposes	(519,021)	(106,987)
Tax effect of expenses not deductible for tax purposes	410,313	558,983
Over-provision in respect of prior year	(13,941)	(8,562)
Tax effect of deductible temporary differences not recognised	86,862	145,353
Tax effect of tax losses not recognised	296,094	116,690
Recognition of deferred tax assets on tax losses previously not recognised	(28,427)	(39,634)
Utilisation of tax losses previously not recognised	(117,462)	(18,869)
LAT provision for the year	3,345,035	4,024,776
Tax effect of LAT	(836,259)	(1,006,194)
Tax effect of undistributed profits	111,676	105,264
Tax effect of distribution from perpetual securities deductible for tax purpose	(226,309)	–
Tax charge for the year	4,990,647	6,017,704

Details of deferred taxation for the year ended 31 December 2020 are set out in note 23.

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13. Taxation (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2020, the Group estimated and made a provision for LAT in the amount of RMB3,345,035,000 (2019: RMB4,024,776,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

14. Dividends

On 30 July 2020, a final dividend for 2019 of RMB0.30 per ordinary share, or RMB748,176,000 in total, was paid to the shareholders.

On 29 July 2019, a final dividend for 2018 of RMB0.23 per ordinary share, or RMB499,312,000 in total, was paid to the shareholders.

A final dividend of RMB0.35 per ordinary share (2019: RMB0.30 per ordinary share) for the year ended 31 December 2020 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

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15. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	2020 RMB'000	2019 RMB'000
Profit for the year attributable to the owners of the Company	3,796,477	2,480,232
Distribution related to perpetual securities	(1,322,949)	(1,286,888)
Earnings for the purpose of basic earnings per share	2,473,528	1,193,344
Earnings for the purpose of diluted earnings per share	2,473,528	1,193,344

Number of shares

	2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,360,269,014	2,166,050,482
Effect of dilutive potential ordinary shares: Share options	9,837,940	4,246,162
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,370,106,954	2,170,296,644

The computation of 2020 and 2019 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of some share options was higher than the average market price for shares for the year.

The diluted earnings per share for the year ended 31 December 2020 does not assume the immaterial impact on dilutive potential ordinary shares of Greentown Management.

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16. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2019	8,504,404	1,451,846	190,080	40,494	548,336	287,566	366,115	11,388,841
Additions	1,945	76,215	54,469	30,471	54,440	26,198	335,766	579,504
Transfer from properties under development	-	-	-	-	-	-	460,981	460,981
Transfer	131,985	122,608	-	-	-	-	(254,593)	-
Eliminated on disposals	-	(17,110)	-	(160)	(25,412)	(41,125)	-	(83,807)
Acquisition of subsidiaries (note 37)	-	-	25	11	768	221	-	1,025
Disposal of subsidiaries	-	(696)	(624)	(129)	(10,427)	(9,242)	-	(21,118)
Reclassification to held-for-sale	-	(4,912)	(1,059)	(137)	(443)	(20)	-	(6,571)
At 31 December 2019	8,638,334	1,627,951	242,891	70,550	567,262	263,598	908,269	12,318,855
Additions	34,985	9,430	29,149	4,539	57,594	22,153	364,729	522,579
Transfer from properties under development	41,861	-	-	-	-	-	1,427,481	1,469,342
Transfer to investment properties	-	-	-	-	-	-	(79,797)	(79,797)
Transfer	402,953	3,176	48,096	11,861	-	-	(466,086)	-
Eliminated on disposals	-	(21,315)	(373)	(9,500)	(25,054)	(16,315)	-	(72,557)
Acquisition of subsidiaries (note 37)	-	-	-	-	51	133	-	184
Disposal of subsidiaries (note 38)	(594,746)	-	-	(40)	(4,203)	(2,086)	(1,577,822)	(2,178,897)
At 31 December 2020	8,523,387	1,619,242	319,763	77,410	595,650	267,483	576,774	11,979,709

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16. Property, Plant and Equipment (continued)

	Hotel buildings	Leasehold land and buildings	Leasehold improvements	Machinery	Furniture, fixtures and equipment	Transportation equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2019	(1,131,861)	(192,620)	(126,913)	(40,328)	(293,393)	(203,973)	–	(1,989,088)
Provided for the year	(294,218)	(68,284)	(30,169)	(12,447)	(64,979)	(39,689)	–	(509,786)
Eliminated on disposals	–	189	–	135	21,297	34,806	–	56,427
Impairment losses on property, plant and equipment, net of reversal	(65,644)	–	–	–	–	–	–	(65,644)
Eliminated on disposal of subsidiaries	–	229	260	90	3,482	751	–	4,812
Reclassification to held-for-sale	–	805	1,023	119	389	19	–	2,355
At 31 December 2019	(1,491,723)	(259,681)	(155,799)	(52,431)	(333,204)	(208,086)	–	(2,500,924)
Provided for the year	(313,946)	(45,253)	(35,063)	(19,597)	(48,086)	(22,026)	–	(483,971)
Eliminated on disposals	–	355	64	7,246	22,541	13,666	–	43,872
Impairment losses on property, plant and equipment, net of reversal	(28,003)	–	–	–	–	–	(233,391)	(261,394)
Eliminated on disposal of subsidiaries (note 38)	108,351	–	–	38	2,743	1,963	186,327	299,422
At 31 December 2020	(1,725,321)	(304,579)	(190,798)	(64,744)	(356,006)	(214,483)	(47,064)	(2,902,995)
CARRYING VALUES								
At 31 December 2020	6,798,066	1,314,663	128,965	12,666	239,644	53,000	529,710	9,076,714
At 31 December 2019	7,146,611	1,368,270	87,092	18,119	234,058	55,512	908,269	9,817,931

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16. Property, Plant and Equipment (continued)

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

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10% to 33 $\frac{1}{3}$ %
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 42.

During the year ended 31 December 2020, the Group engaged an independent qualified professional valuer to conduct review of hotel operations in Xinchang and Ningbo. It was determined that the hotel building was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB28,003,000 was recognised in the current year in respect of hotel buildings of Xinchang, and an impairment loss of RMB47,064,000 in respect of hotel buildings in construction of Ningbo.

In addition, during the year ended 31 December 2020, the Group entered into a sales and purchase agreement to dispose of whole equity interest in Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern"), which directly hold one hotel in Beijing, to an independent third party. The Group recognised an impairment loss of RMB186,327,000 according to the disposed amount in consideration compared with the carrying amount of the hotel.

During the year ended 31 December 2019, the Group engaged an independent qualified professional valuer to conduct review of hotel operations in Qingdao and Xinchang. It was determined that the hotel building was impaired or improved on the basis of its projected performance. Accordingly, an impairment loss of RMB84,154,000 was recognised in respect of hotel buildings of Qingdao and a reversal of impairment loss of RMB18,510,000 was recognised in respect of hotel buildings of Xinchang.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 8%-9% (2019: 9%).

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17. Right-Of-Use Assets

	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
COST			
As at 1 January 2019	167,629	1,066,428	1,234,057
Addition	66,631	20,255	86,886
Early termination of leases	(10,234)	–	(10,234)
Disposal of subsidiaries	(27,737)	–	(27,737)
Transfer to held for sale	(730)	–	(730)
As at 1 January 2020	195,559	1,086,683	1,282,242
Addition	133,300	18,421	151,721
Early termination of leases	(66,196)	(9,353)	(75,549)
Disposal of subsidiaries (note 38)	–	(262,689)	(262,689)
At 31 December 2020	262,663	833,062	1,095,725
DEPRECIATION			
As at 1 January 2019	–	(143,307)	(143,307)
Provided for the year	(65,942)	(38,386)	(104,328)
Early termination of leases	1,460	–	1,460
Eliminated on disposal of subsidiaries	2,657	–	2,657
As at 1 January 2020	(61,825)	(181,693)	(243,518)
Provided for the year	(78,899)	(30,006)	(108,905)
Early termination of leases	33,475	1,839	35,314
Eliminated on disposal of subsidiaries (note 38)	–	48,451	48,451
As at 31 December 2020	(107,249)	(161,409)	(268,658)
Carrying VALUES			
At 31 December 2019	133,734	904,990	1,038,724
At 31 December 2020	155,414	671,653	827,067

During the current year, the expense relating to short-term leases and other leases with lease terms end within 12 months and leases of low-value assets was RMB77,042,000.

The total cash outflow for leases was RMB197,722,000.

For both years, the Group leases office buildings and apartments for its operations. Lease contracts are entered into for fixed term of 1 to 20 years without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings and hotel buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

For the year ended 31 December 2020

18. Investment Properties

	RMB'000
Fair value	
At 1 January 2019	4,066,128
Additions	78,290
Disposal	(69,734)
Net decrease in fair value recognised in profit or loss	(41,866)
At 31 December 2019	4,032,818
Additions	124,615
Transfer from properties under development	367,873
Transfer from property, plant and equipment	79,797
Disposal	(225,844)
Net decrease in fair value recognised in profit or loss	(14,639)
At 31 December 2020	4,364,620
Unrealised gain on property revaluation included in profit or loss in 2020	80,295
Unrealised gain on property revaluation included in profit or loss in 2019	65,305

The Group leases out various offices and retail stores under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

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

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

The fair value of the Group's investment properties at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited.

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

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18. Investment Properties (continued)

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

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Office building and commercial property in Ji'nan RMB1,237,781,000 (2019: RMB1,268,558,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7% and 5.5% for office building and commercial property respectively (2019: 7% and 5.5% respectively).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,219,167,000 (2019: RMB1,219,167,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 4.5% (2019: 4.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Dalian RMB940,000,000 (2019: RMB940,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2019:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

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18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB147,143,000 (2019: RMB147,143,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5% (2019: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Hotel in Zhoushan RMB107,795,000 (2019: RMB107,795,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 8% (2019: 8%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB31,500,000 (2019: RMB31,500,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2019: 6.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

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18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Shengzhou RMB10,415,000 (2019: RMB10,429,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB8,300 per square meter (2019: RMB8,100 per square meter). For carpark units: Price per unit, which is RMB104,300 per unit (2019: RMB108,900 per unit).	The higher the price per square meter, the higher the fair value. The higher the price per unit, the higher the fair value.
Commercial store units in Lin'an RMB16,774,000 (2019: RMB17,178,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter using market direct comparable and taking into account of location, age and other individual factors which is RMB20,700 per square meter (2019: RMB21,599 per square meter).	The higher the price per square meter, the higher the fair value.
Commercial store units in Changxing RMB1,229,000 (2019: RMB1,048,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB10,400 per square meter (2019: RMB9,773 per square meter).	The higher the price per square meter, the higher the fair value.

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18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Rental apartment in Hangzhou RMB367,873,000	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 3.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Office building in Hangzhou RMB260,000,000	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial store units in Sanya RMB18,938,000	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB26,600 per square meter.	The higher the price per square meter, the higher the fair value.

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18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Cixi RMB6,005,000	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB14,800 per square meter.	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB88,100 per unit.	The higher the price per unit, the higher the fair value.
Commercial property in Qingdao RMB nil (2019: RMB290,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield in 2019, taking into account annual rental income and potential unit market value of the comparable properties, of 6.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

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19. Goodwill

Cost

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

The goodwill held by the Group as at 31 December 2020 arose on the acquisition of two subsidiaries that engaged in project management service in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

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

Impairment test on goodwill

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

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

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

	2020	2019
Annual sale growth rate for first five years	3%-15%	N/A
Annual incremental sales contract rate for first five years	N/A	5%
Gross margin rate	22%-83%	20%-50%
Long-term growth rate	1%	1%

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20. Interests in Associates

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	17,830,183	11,128,778
Share of post-acquisition profits, net of dividends received	799,205	956,129
	18,629,388	12,084,907

No associate was individually material to the Group for the year.

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

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	40% (note i)	40% (note i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD16,490,000	40% (note i)	40% (note i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	50% (note ii)	50% (note ii)	Real estate development
安徽舜鴻房地產開發有限公司 Anhui Shunhong Real Estate Development Co., Ltd. ("Anhui Shunhong")	RMB380,000,000	48% (note iii)	50% (note iii)	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	31% (note iv)	28%	Online Retailers
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	49%	49%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	38%	38%	Real estate development

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20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	45%	45%	Real estate development
濟南海爾綠城置業有限公司 Ji'nan Haier Greentown Real Estate Co., Ltd.	RMB60,000,000	45%	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	49%	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	49%	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	38%	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	30%	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	25%	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	33%	33%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB60,000,000	30%	30%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	20%	20%	Real estate development

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20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	RMB2,000,000,000	40%	40%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	30%	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB2,800,000,000	45%	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate Co., Ltd.	RMB100,000,000	25%	25%	Real estate development
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Greentown Real Estate Group Co., Ltd.	RMB100,000,000	40%	40%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Development Co., Ltd.	RMB10,000,000	23%	23%	Real estate development
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Guixi Real Estate Development Co., Ltd.	RMB600,000,000	20%	20%	Real estate development
重慶綠華置業發展有限公司 Chongqing Lvhu Real Estate Development Co., Ltd.	RMB1,100,000,000	49%	49%	Real estate development
安徽綠隼置業有限公司 Anhui Lvjun Real Estate Co., Ltd.	RMB1,000,000,000	50%	50%	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Development Co., Ltd. ("Hangzhou Greentown Wangxi")	RMB600,000,000	36%	36%	Real estate development

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20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
廣州綠楨房地產開發有限公司 Guangzhou Lvzhen Real Estate Development Co., Ltd.	RMB400,000,000	30%	30%	Real estate development
福州綠榕投資發展有限公司 Fuzhou Lvrong Investment Development Co., Ltd.	RMB640,000,000	33%	33%	Investment holding
福州禎泰置業有限公司 Fuzhou Zhentai Real Estate Co., Ltd.	RMB800,000,000	26%	26%	Real estate development
上海新湖房地產開發有限公司 Shanghai Xinhu Real Estate Development Co., Ltd.	RMB200,000,000	35%	35%	Real estate development
浙江銀潤藍城房地產開發有限公司 Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd.	RMB100,000,000	40%	40%	Real estate development
廣州隼威房地產開發有限公司 Guangzhou Junwei Real Estate Development Co., Ltd.	RMB280,000,000	43%	43%	Real estate development
杭州綠城致延城市發展有限公司 Hangzhou Greentown Zhiyan City Development Co., Ltd.	RMB2,370,000,000	50%	48%	Real estate development
上海中瀚置業有限公司 Shanghai Zhonghan	RMB61,064,974	35% (note v)	–	Real estate development
北京致平房地產開發有限公司 Beijing Zhiping Real Estate Development Co., Ltd.	RMB1,900,000,000	42% (note vi)	–	Real estate development
北京致興房地產開發有限公司 Beijing Zhixing Real Estate Development Co., Ltd.	RMB2,000,000,000	50% (note vi)	–	Real estate development

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20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
蘇州市卓譽房地產開發有限公司 Suzhou Zhuoyu Real Estate Development Co., Ltd.	RMB795,000,000	49% (note vi)	–	Real estate development
蘇州市景譽房地產開發有限公司 Suzhou Jingyu Real Estate Development Co., Ltd.	RMB1,180,000,000	50% (note vi)	–	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd. ("Shandong Caifu Zongheng")	RMB50,000,000	– (note vii)	39%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (i) Dalian Wharf Greentown is a wholly-owned subsidiary of Green Magic.
- (ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or joint control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.
- (iii) Only two out of five directors of Anhui Shunhong are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or joint control Anhui Shunhong. Therefore, Anhui Shunhong is accounted for as an associate of the Group.
- (iv) In October 2020, Eternity Wealth Investments Limited, a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire additional 6,139,184 ordinary shares in WZ Group Limited, an online retailers company, for a total cash consideration of approximately RMB82,940,000. The Group held 31% equity interest in WZ Group Limited after the acquisition.
- (v) In April 2020, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant to which Greentown Real Estate agreed to acquire 35% of the total shares of Shanghai Zhonghan, for a share transfer consideration of approximately RMB517,373,000. The Group engaged an independent qualified professional valuer to conduct review of the fair value in shares of Shanghai Zhonghan. The Group recognised the gain on acquisition of an associate at a discount of RMB183,677,000 according to the difference between the consideration and the fair value of the 35% of the total shares of Shanghai Zhonghan. After the acquisition, Shanghai Zhonghan was classified as an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 19 April 2020.
- (vi) These companies were newly established in 2020.
- (vii) In January 2020, the Group disposal of its 39% equity interests in Shandong Caifu Zongheng to an independent third party for a cash consideration of RMB nil.

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20. Interests in Associates (continued)

Aggregate information of associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Group's share of total profit for the year	695,605	1,002,893
Aggregate carrying amount of the Group's interests in these associates	18,629,388	12,084,907

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2020 RMB'000	2019 RMB'000
Unrecognised share of losses of associates for the year	2,659	372,581
Accumulated unrecognised share of losses of associates	96,656	698,560

21. Interests in Joint Ventures

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in joint ventures	6,189,598	3,886,742
Share of post-acquisition profits, net of dividends received	(449,490)	(17,012)
	5,740,108	3,869,730

No joint venture was individually material to the Group for the year.

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21. Interests in Joint Ventures (continued)

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

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
盈高有限公司 Profit Pointer Limited	HKD10,000	50% (note i)	50% (note i)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	50% (note i)	50% (note i)	Real estate development
嵯州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	33% (note ii)	33% (note ii)	Real estate development
徐州新盛綠城置業發展有限公司 Xuzhou Xinsheng Greentown Real Estate Development Co., Ltd. ("Xuzhou Xinsheng")	RMB100,000,000	60% (note iii)	60% (note iii)	Real estate development
天津佳意房地產開發有限公司 Tianjin Jiayi Real Estate Development Co., Ltd. ("Tianjin Jiayi")	RMB900,000,000	33% (note iv)	33% (note iv)	Real estate development
天津華廈津典置業有限公司 Tianjin Huaxia Jindian Real Estate Development Co., Ltd. ("Tianjin Huaxia Jindian")	RMB200,000,000	49% (note v)	49% (note v)	Real estate development
濟寧城投綠城置業有限公司 Ji'ning Chengtou Greentown Property Co., Ltd. ("Ji'ning Chengtou")	RMB150,000,000	45% (note vi)	49% (note vi)	Real estate development
浙江職業足球俱樂部有限公司 (原名：浙江綠城足球俱樂部有限公司) Zhejiang Professional Football Club Co., Ltd. ("Zhejiang Professional Football Club") (former name: Zhejiang Greentown Football Club Co., Ltd.)	RMB401,000,000	50% (note vii)	50%	Club operation

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21. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
浙江交投綠城投資有限公司 Zhejiang Jiaotou Greentown Investment Co., Ltd.	RMB80,000,000	50%	50%	Investment holding
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd.	RMB100,000,000	50%	50%	Investment holding, real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd.	RMB50,000,000	50%	50%	Real estate development
南通啟陽建設開發有限公司 Nantong Qiyang	RMB50,000,000	50% (note viii)	–	Real estate development
南通啟新置業有限公司 Nantong Qixin	RMB50,000,000	50% (note viii)	–	Real estate development
瀋陽沈北金谷置業有限公司 Shenyang Shenbei Jingu	RMB130,000,000	35% (note viii)	–	Real estate development
瀋陽新湖明珠置業有限公司 Shenyang Xihu Pearl	RMB70,000,000	35% (note viii)	–	Real estate development
南通新湖置業有限公司 Nantong Xihu	RMB50,000,000	50% (note viii)	–	Real estate development
濟南濟高東誠置業有限公司 Ji'nan Jigao Dongcheng Real Estate Co., Ltd. ("Jigao Dongcheng")	RMB850,000,000	50% (note ix)	–	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd. ("Hangzhou Linyi")	RMB239,800,000	– (note x)	50%	Real estate development

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21. Interests in Joint Ventures (continued)

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (i) Shenyang National Games Village is a wholly-owned subsidiary of Profit Pointer Limited.
- (ii) One out of five (2019: two out of five) directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.
- (iii) Three out of five directors of Xuzhou Xinsheng are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Xuzhou Xinsheng is accounted for as a joint venture of the Group.
- (iv) Decisions about relevant activities of Tianjin Jiayi require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Tianjin Jiayi was accounted for as a joint venture of the Group.
- (v) Two out of five directors of Tianjin Huaxia Jindian are appointed by the Group, while a valid board resolution requires more than two thirds from all directors. Therefore, Tianjin Huaxia Jindian is accounted for as a joint venture of the Group.
- (vi) Two out of five directors of Ji'ning Chengtou is appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Ji'ning Chengtou is accounted for as a joint venture of the Group.
- (vii) During the year, the Group determined that the investment in Zhejiang Professional Football Club was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB254,846,000 was recognised in the current year in respect of interest in a joint venture.
- (viii) In April 2020, the Group acquired 100% equity interests in Zhejiang Qifeng Industrial Co., Ltd., which directly holds 35% of the equity interests in Shenyang Shenbei Jingu and Shenyang Xinhua Pearl, acquired 100% equity interest in Zhejiang Qizhi Industrial Co., Ltd., which directly holds 50% of the equity interests in Nantong Qiyang and Nantong Qixin, and acquired 50% of the equity interests in Nantong Xinhua for a consideration of RMB186,314,000, RMB397,719,000 and RMB71,547,000 respectively. The Group engaged an independent qualified professional valuer to conduct review of the fair value in shares of Shenyang Shenbei Jingu, Shenyang Xinhua Pearl, Nantong Qiyang, Nantong Qixin and Nantong Xinhua. The Group recognised the gain on acquisition of joint ventures at discount of RMB62,517,000, RMB62,268,000 and RMB15,952,000 respectively according to the difference between the consideration and the fair value of the respective acquired shares. After the acquisitions, Shenyang Shenbei Jingu, Shenyang Xinhua Pearl, Nantong Qiyang, Nantong Qixin and Nantong Xinhua were classified as joint ventures of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 19 April 2020, and 24 April 2020.

Decisions about relevant activities of Shenyang Shenbei Jingu and Shenyang Xinhua Pearl require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Shenyang Shenbei Jingu and Shenyang Xinhua Pearl were accounted for as joint ventures of the Group.
- (ix) The company was newly established in 2020.
- (x) In October 2020, the Group disposed of its 50% equity interests in Hangzhou Linyi to an independent third party for a consideration of approximately RMB146,687,000. The Group recognised the gain on disposal of a joint venture of RMB43,556,000.

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21. Interests in Joint Ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Group's share of profit (losses) for the year	2,129	(75,951)
Aggregate carrying amount of the Group's interests in these associates	5,740,108	3,869,730

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2020 RMB'000	2019 RMB'000
Unrecognised share of losses of joint ventures for the year	17,056	136,633
Accumulated unrecognised share of losses of joint ventures	380,876	592,125

22. Equity Instruments at Fair Value through Other Comprehensive Income

	2020 RMB'000	2019 RMB'000
Listed investments:		
– Equity securities listed in Hong Kong (note i)	1,118,673	1,058,755
Unlisted equity securities (note ii)	918,645	453,230
	2,037,318	1,511,985

Notes:

- (i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.
- (ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

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23. Deferred Taxation

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

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(935,113)	642,555	620,947	(4,479,446)	893,909	(557,184)	(52,379)	(3,866,711)
Charge to other comprehensive income	-	-	-	23,947	-	-	-	23,947
(Charge) credit to profit or loss	(49,883)	107,745	246,548	1,611,886	550,857	(80,000)	(53,360)	2,333,793
Acquisition of subsidiaries (note 37)	-	-	24,964	(81,790)	-	-	150	(56,676)
Transfer to held for sale	-	-	-	-	-	-	(774)	(774)
Disposal of subsidiaries	-	-	(41,363)	326	-	-	(860)	(41,897)
At 31 December 2019	(984,996)	750,300	851,096	(2,925,077)	1,444,766	(637,184)	(107,223)	(1,608,318)
Charge to other comprehensive income	-	-	-	5,730	-	-	-	5,730
Credit (charge) to profit or loss	117,576	169,291	396,678	258,991	(32,680)	(55,000)	25,874	880,730
Acquisition of subsidiaries (note 37)	-	-	8,768	(226,856)	-	-	(1,038)	(219,126)
Disposal of subsidiaries (note 38)	-	-	(42,058)	60,879	-	-	-	18,821
At 31 December 2020	(867,420)	919,591	1,214,484	(2,826,333)	1,412,086	(692,184)	(82,387)	(922,163)

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of the properties under development from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of properties under development acquired with fair value adjustment and recognition of revenue from sales of properties over time.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from capitalised interest expense.

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23. Deferred Taxation (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	3,764,898	3,238,893
Deferred tax liabilities	(4,687,061)	(4,847,211)
	(922,163)	(1,608,318)

At the end of the reporting period, the Group had deductible temporary differences of RMB637,221,000 (2019: RMB738,972,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB8,654,483,000 (2019: RMB7,315,654,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB4,857,936,000 (2019: RMB3,404,381,000) of such losses.

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses. No deferred tax asset has been recognised in respect of the remaining RMB3,796,547,000 (2019: RMB3,911,273,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2020 RMB'000	2019 RMB'000
2020	–	829,632
2021	961,908	1,119,399
2022	379,232	433,169
2023	854,066	964,612
2024	416,967	564,461
2025	1,184,374	–
	3,796,547	3,911,273

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB19,511,022,000 (31 December 2019: RMB17,088,517,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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24. Properties for Development

Included in properties for development as at 31 December 2020 is an amount of RMB7,531,094,000 (2019: RMB10,066,178,000) in respect of leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

25. Properties under Development

	2020 RMB'000	2019 RMB'000
Leasehold land – at cost	135,877,337	81,552,082
Development costs	41,339,116	40,506,043
Finance costs capitalised	16,992,577	14,557,841
	194,209,030	136,615,966

Properties under development for sale amounting RMB130,046,281,000 (2019: RMB108,238,953,000) are expected to be recovered after more than 12 months from the end of the reporting period.

26. Trade and Other Receivables, Deposits and Prepayments

	2020 RMB'000	2019 RMB'000
Trade receivables	1,305,104	1,141,212
Less: allowance for credit losses	(94,460)	(75,566)
Trade receivables, net of allowance for credit losses	1,210,644	1,065,646
Other receivables, net of allowance for credit losses	6,268,542	6,850,336
Prepayments and deposits	3,711,524	3,326,102
Consideration receivables from disposal of subsidiaries	12,580	70,726
	11,203,290	11,312,810

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26. Trade and Other Receivables, Deposits and Prepayments (continued)

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables, before allowance for credit losses, is based on invoice date and stated below.

	2020 RMB'000	2019 RMB'000
Within 90 days	692,161	537,955
91–180 days	213,688	131,557
181–365 days	128,712	129,033
Over 365 days	270,543	342,667
Trade receivables	1,305,104	1,141,212

Included in other receivables were advances to third parties of RMB3,906,432,000 (2019: RMB3,080,667,000) as at 31 December 2020. The advances are interest free, unsecured and expected to be recovered within one year except for RMB1,483,308,000 (2019: RMB1,566,672,000) which carries interest at 4%-17% (2019: 6%-15%) per annum, is unsecured and is expected to be recovered within one year. The Group has concentration of credit risk as 58% (2019: 75%) of the total advances to third parties was due from the five largest counterparties.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months but within normal operating cycle.

Details of impairment assessment of trade and other receivables are set out in note 46.

27. Contract Assets

	2020 RMB'000	2019 RMB'000
Design and decoration	2,417,017	2,157,885
Project management	327,689	299,394
Others	431,459	375,044
Less: allowance for credit losses	(51,647)	(17,316)
Contract assets, net of allowance for credit losses	3,124,518	2,815,007

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration, project management service and construction service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

Details of impairment assessment are set out in note 46.

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28. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 4.05% (2019: 0.3% to 3.7%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.94% (2019: 0.3% to 2.75%) per annum.

As at 31 December 2020, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB63,951,250,000 (2019: RMB50,096,776,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2020	649,448	602,493
As at 31 December 2019	31,463	1,766,251

29. Trade and Other Payables

The aged analysis of trade payables is based on invoice date and stated below:

	2020 RMB'000	2019 RMB'000
Within 180 days	29,889,284	24,376,904
181–365 days	3,703,166	4,524,362
Over 365 days	2,116,861	2,280,819
Trade payables	35,709,311	31,182,085
Other payables and accrued expenses	10,038,914	12,174,941
Consideration payables on acquisition of subsidiaries and associates	861,872	96,307
	46,610,097	43,453,333

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

For the year ended 31 December 2020

30. Contract Liabilities

	2020 RMB'000	2019 RMB'000
Sales of properties	112,798,675	76,324,981

RMB45,980,572,000 was recognised as revenue during the year which was included in contract liabilities at the beginning of the year (2019: RMB45,170,698,000).

31. Bank and Other Borrowings

	2020 RMB'000	2019 RMB'000
Secured bank loans (note 42)	53,521,520	39,518,402
Unsecured bank loans	31,506,639	15,560,289
	85,028,159	55,078,691
Secured other loans (note 42)	1,095,000	2,119,000
Unsecured other loans	1,301,238	2,395,482
	2,396,238	4,514,482
	87,424,397	59,593,173

	2020 RMB'000	2019 RMB'000
Carrying amount repayable*:		
Within one year	23,628,164	13,950,984
More than one year, but not exceeding two years	22,881,313	16,938,008
More than two years, but not exceeding three years	25,243,161	18,032,153
More than three years, but not exceeding four years	6,484,320	5,061,897
More than four years, but not exceeding five years	5,830,930	2,035,911
More than five years	3,356,509	3,574,220
	87,424,397	59,593,173
Less: Amounts due within one year shown under current liabilities	23,628,164	13,950,984
Amounts shown under non-current liabilities	63,796,233	45,642,189

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

For the year ended 31 December 2020

31. Bank and Other Borrowings (continued)

Bank and other borrowings can be further analysed as follows:

	2020 RMB'000	2019 RMB'000
Fixed-rate	37,040,759	17,609,777
Variable-rate	50,383,638	41,983,396
	87,424,397	59,593,173

Interest on variable-rate bank and other borrowings is based on:

	2020 RMB'000	2019 RMB'000
The People's Bank of China benchmark rate	34,443,308	30,932,002
LIBOR	12,701,564	8,526,584
HIBOR	3,238,766	2,524,810
	50,383,638	41,983,396

The average effective interest rates were as follows:

	2020	2019
Bank loans	4.82%	5.08%
Other loans	6.20%	6.56%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2020	3,238,766	12,701,564
As at 31 December 2019	2,524,810	8,627,739

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2020 RMB'000	2019 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	2,787,939	2,857,153

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32. Senior Notes

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2020	7,712,382
Fair value at the dates of issuance	4,097,173
Exchange realignment	(348,034)
Interest charged during the year	395,757
Interest paid during the year	(376,766)
Repaid during the year	(7,520,730)
At 31 December 2020	3,959,782
Less: Amounts due within one year shown under current liabilities	62,653
Amounts shown under non-current liabilities	3,897,129

2015 USD Notes – unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the “New Notes”) which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group’s 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the “Additional New Notes”) which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the “2015 USD Notes”).

The principal terms of 2015 USD Notes are disclosed in the Group’s 2015 consolidated financial statements.

On 11 August 2020, the Company redeemed 2015 USD Notes with an outstanding principal of USD500,000,000 (approximately RMB3,470,400,000) in full at face value and repaid all provided and interest.

The movement of 2015 USD notes during the interim period is set out below:

	RMB'000
At 1 January 2020	3,538,956
Exchange realignment	(13,227)
Interest charged during the year	149,086
Interest paid during the year	(204,415)
Repaid during the year	(3,470,400)
At 31 December 2020	—

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32. Senior Notes (continued)

2019 USD Notes – unsecured

On 13 November 2019, the Company issued senior notes with an aggregate principal amount of USD600,000,000 at 100% of face value (the “2019 USD Notes”), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 4.55% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD597,960,000 (approximately RMB4,187,275,000).

The principal terms of 2019 USD Notes are disclosed in the Group’s 2019 consolidated financial statements.

On 14 July 2020 and 10 November 2020, the Company redeemed 2019 USD Notes with an outstanding principal of USD149,999,000 (approximately RMB1,048,688,000) and USD450,001,000 (approximately RMB3,001,642,000) respectively in full at face value and repaid all accrued interest.

The movements of 2019 USD notes during the year are set out below:

	RMB'000
At 1 January 2020	4,173,426
Exchange realignment	(131,446)
Interest charged during the year	180,701
Interest paid during the year	(172,351)
Repaid during the year	(4,050,330)
At 31 December 2020	–

2020 First USD Notes – unsecured

On 13 July 2020, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the “2020 First USD Notes”), which are listed on the Stock Exchange. The 2020 First USD Notes carry interest at the rate of 5.65% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD298,600,000 (approximately RMB2,089,499,000). The 2020 First USD Notes will mature on 13 July 2025.

The principal terms of the 2020 First USD Notes are as follows:

The 2020 First USD Notes are:

- (i) general obligations of the Company;
- (ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2020 First USD Notes;
- (iii) at least pari passu in right of payment with the 2020 First USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- (iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;
- (v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2020 First USD Notes, to the extent of the value of the assets serving as security therefor; and
- (vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2020 First USD Notes.

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32. Senior Notes (continued)

2020 First USD Notes – unsecured (continued)

At any time prior to 13 July 2023, the Company may redeem up to 35% of the 2020 First USD Notes, at a redemption price of 105.65% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2020 First USD Notes in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of 2020 First USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 105.65%.

The 2020 First USD Notes s contain a liability component and an issuer’s early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.76% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 31 December 2020 were insignificant.

The movements of 2020 First USD Notes during the year are set out below:

	RMB'000
Fair value at the date of issuance	2,089,499
Exchange realignment	(142,989)
Interest charged during the year	54,602
At 31 December 2020	2,001,112
Less: Amounts due within one year shown under current liabilities	51,919
Amounts shown under non-current liabilities	1,949,193

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32. Senior Notes (continued)

2020 Second USD Notes – unsecured

On 29 October 2020, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the “2020 Second USD Notes”), which are listed on the Stock Exchange. The 2020 Second USD Notes carry interest at the rate of 4.70% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD298,500,000 (approximately RMB2,007,674,000). The 2020 Second USD Notes will mature on 29 April 2025.

The principal terms of the 2020 Second USD Notes are as follows:

The 2020 Second USD Notes are:

- (i) general obligations of the Company;
- (ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2020 Second USD Notes;
- (iii) at least pari passu in right of payment with the 2020 Second USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- (iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;
- (v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2020 Second USD Notes, to the extent of the value of the assets serving as security therefor; and
- (vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2020 Second USD Notes.

At any time prior to 29 April 2023, the Company may redeem up to 35% of the 2020 Second USD Notes, at a redemption price of 104.70% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2020 Second USD Notes in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of 2020 Second USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 104.70%.

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32. Senior Notes (continued)

2020 Second USD Notes – unsecured (continued)

The 2020 Second USD Notes contain a liability component and an issuer's early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.82% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 31 December 2020 were insignificant.

The movements of 2020 Second USD Notes during the year are set out below:

	RMB'000
Fair value at the date of issuance	2,007,674
Exchange realignment	(60,372)
Interest charged during the year	11,368
At 31 December 2020	1,958,670
Less: Amounts due within one year shown under current liabilities	10,734
Amounts shown under non-current liabilities	1,947,936

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33. Corporate Debt Instruments

The summary of movements of corporate debt instruments during the year is set out below:

	RMB'000
At 1 January 2020	26,637,264
Fair value at the date of issuance (note)	7,205,656
Interest charged during the year	1,363,015
Interest paid during the year	(1,358,530)
Principal repaid during the current year upon maturity	(7,927,086)
At 31 December 2020	25,920,319
Less: Amounts due within one year shown under current liabilities	1,187,900
Amounts puttable within one year shown under current liabilities	7,631,680
Amounts shown under non-current liabilities	17,100,739

Note:

2020 Corporate Bonds

On 6 March 2020, Greentown Real Estate issued the first tranche of corporate bonds with an aggregate principal amount of RMB1,430,000,000 at 100% of face value (the "2020 First Bonds"). The 2020 First Bonds carry interest at the rate of 3.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,423,085,000. The 2020 First Bonds will mature on 6 March 2025.

On 31 March 2020, Greentown Real Estate issued the second tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Bonds"). The 2020 Second Bonds carry interest at the rate of 3.87% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB498,041,000. The 2020 Second Bonds will mature on 31 March 2027.

On 31 March 2020, Greentown Real Estate issued the third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Bonds"). The 2020 Third Bonds carry interest at the rate of 3.26% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,112,000. The 2020 Third Bonds will mature on 31 March 2025.

On 28 September 2020, Greentown Decoration Project Group issued the fourth tranche of corporate bonds with an aggregate principal amount of RMB350,000,000 at 100% of face value (the "2020 Fourth Bonds"). The 2020 Fourth Bonds carry interest at the rate of 4.40% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB348,349,000. The 2020 Fourth Bonds will mature on 28 September 2025.

On 27 October 2020, Greentown Real Estate issued the fifth tranche of corporate bonds with an aggregate principal amount of RMB950,000,000 at 100% of face value (the "2020 Fifth Bonds"). The 2020 Fifth Bonds carry interest at the rate of 3.82% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB945,081,000. The 2020 Fifth Bonds will mature on 27 October 2025.

Greentown Real Estate shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2020 First Bonds, the 2020 Third Bonds and 2020 Fifth Bonds at the end of the third year, the 2020 Second Bonds at the end of the fifth year. Greentown Decoration Project Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2020 Fourth Bonds at the end of the third year ("2020 Coupon Rate Adjustment Right").

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33. Corporate Debt Instruments (continued)

Note: (continued)

2020 Corporate Bonds (continued)

The principal terms of the 2020 First Bonds, the 2020 Second Bonds, the 2020 Third Bonds, the 2020 Fourth Bonds and the 2020 Fifth Bond (collectively, the "2020 Corporate Bonds") are as follows:

- (i) the 2020 First Bonds, the 2020 Third Bonds, the Fourth Bonds and the 2020 Fifth Bonds have fixed interest rate in the first three years. At the end of the fixed interest rate period, Greentown Real Estate and Greentown Decoration Project Group have the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate or Greentown Decoration Project Group choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;
- (ii) the investors of the 2020 First Bonds, the 2020 Third Bonds, the 2020 Fourth Bonds and the 2020 Fifth Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate or Greentown Decoration Project Group issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;
- (iii) the 2020 Second Bonds has fixed interest rate in the first five years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years plus adjusting basis points;
- (iv) the investors of the 2020 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year;

Further details of the 2020 First Bonds, the 2020 Second Bonds, the 2020 Third Bonds and the Fifth Bond are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2020 Corporate Bonds contain a liability component and a written put option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying the weighted average effective interest rate of approximately 3.47% per annum to the liability component since the corporate bonds were issued.
- (ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2020, the Group has had no plan nor intention to exercise the 2020 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year were calculated using the original coupon rates of the 2020 Corporate Bonds.

2020 Medium-term Notes

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,500,000,000 at 100% of face value (the "2020 First Medium-term Notes"). The 2020 First Medium-term Notes carry interest at the rate of 3.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,497,531,000. The 2020 First Medium-term Notes will mature on 27 February 2023.

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Medium-term Notes"). The 2020 Second Medium-term Notes carry interest at the rate of 3.86% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,174,000. The 2020 Second Medium-term Notes will mature on 27 February 2025.

On 16 March 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Medium-term Notes"). The 2020 Third Medium-term Notes carry interest at the rate of 3.27% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB998,283,000. The 2020 Third Medium-term Notes will mature on 16 March 2023.

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34. Receipts under Securitisation Arrangements

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
At 1 January 2020	1,633,966
Fair value at the date of issuance	1,890,667
Interest charged during the year	50,913
Interest paid during the year	(77,905)
Repaid during the year	(1,600,000)
At 31 December 2020	1,897,641
Less: Amounts due within one year shown under current liabilities	4,819
Amounts shown under non-current liabilities	1,892,822

On 17 June 2020, Greentown Real Estate issued receipts under securitisation arrangements (the "2020 Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB2,000,000,000 at 100% of face value comprising (i) RMB1,900,000,000 with a term of fixed annual coupon rate of 3.90% and provide distribution semi-annually (the "2020 Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "2020 Junior Tranche Securities"). The Greentown Real Estate purchased all the 2020 Junior Tranche Securities. The 2020 Receipts Under Securitisation Arrangements are listed on the Shenzhen Stock Exchange. The net proceeds of the 2020 Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,990,667,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 16 June 2023.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

35. Share Capital

	Number of shares	Share capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each At 31 December 2019 and 2020	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each At 31 December 2019	2,170,920,190	217,092
Share issued (note)	323,000,000	32,300
Exercise of share options	256,000	26
At 31 December 2020	2,494,176,190	249,418

Note: On 26 April 2020, the Company entered into a subscription agreement with Hong Kong Xinhua Investment Co., Limited ("Hong Kong Xinhua Investment"), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Xinhua Zhongbao Co., Ltd., pursuant to which the Company has conditionally agreed to allot and issue, and Hong Kong Xinhua Investment has conditionally agreed to subscribe for, a total of 323,000,000 shares to be allotted and issued by the Company. The shares has been allotted, issued and fully paid on 26 May 2020 at HKD9.5 per share, amounting to RMB2,807,280,000.

For the year ended 31 December 2020

35. Share Capital (continued)

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2020	239,264
As at 31 December 2019	209,694

All shares issued during the current year rank pari passu with other shares in issue in all respects.

36. Perpetual Securities

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited (“Wisdom Glory”), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the “2017 USD Perpetual Securities”) with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group’s 2017 consolidated financial statements.

On 20 July 2020, Wisdom Glory redeemed the 2017 USD Perpetual Securities with an outstanding principal of USD450,000,000 (approximately RMB3,146,085,000) in full face value and repaid all provided but not paid interest with an aggregate amount of USD461,813,000 (approximately RMB3,228,670,000).

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited (“Twinkle Lights”), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the “2018 USD Perpetual Securities”) with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group’s 2018 consolidated financial statements.

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2018 First Domestic Perpetual Securities”) with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group’s 2018 consolidated financial statements.

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2018 Second Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group’s 2018 consolidated financial statements.

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36. Perpetual Securities (continued)

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited (“Champion Sincerity”), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the “2019 First USD Perpetual Securities”) with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

The principal terms of the 2019 First USD Perpetual Securities are disclosed in the Group’s 2019 consolidated financial statements.

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the “2019 Second USD Perpetual Securities”) with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

The principal terms of the 2019 Second USD Perpetual Securities are disclosed in the Group’s 2019 consolidated financial statements.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2019 First Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2019 First Domestic Perpetual Securities are disclosed in the Group’s 2019 consolidated financial statements.

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2019 Second Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,600,000,000.

The principal terms of the 2019 Second Domestic Perpetual Securities are disclosed in the Group’s 2019 consolidated financial statements.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the “2019 Third Domestic Perpetual Securities”).

The principal terms of the 2019 Third Domestic Perpetual Securities are disclosed in the Group’s 2019 consolidated financial statements.

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36. Perpetual Securities (continued)

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

The principal terms of the 2019 Fourth Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2020 First Domestic Perpetual Securities

On 28 April 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2020 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,500,000,000.

Under the terms and conditions of the 2020 First Domestic Perpetual Securities (the "2020 First Domestic Perpetual Securities T&Cs"), the holders of the 2020 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 28 April 2020 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 28 April 2020 to, but excluding, 28 April 2023, Initial Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 28 April 2020 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 28 April 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2020 Second Domestic Perpetual Securities

On 18 September 2020, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities (the "2020 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB1,000,000,000.

Under the terms and conditions of the 2020 Second Domestic Perpetual Securities (the "2020 Second Domestic Perpetual Securities T&Cs"), the holders of the 2020 Second Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 18 September 2020 quarterly in arrears. The distribution rate shall be (i) in respect of the period from, and including, 18 September 2020 to, but excluding, 18 September 2022, Initial Distribution Rate (as defined in the 2020 Second Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods after, and including, 18 September 2022, the Relevant Reset Distribution Rate (as defined in the 2020 Second Domestic Perpetual Securities T&Cs).

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

In the current year, the total interest in perpetual securities recognised as distribution is RMB1,322,949,000. The weighted average interest rate in perpetual securities is 6.69% as at 31 December 2020.

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37. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2020 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
大連寶融房地產開發有限公司 Dalian Baorong Real Estate Development Co., Ltd. ("Dalian Baorong") (Note (i))	Real estate development	12 June 2020	88%	354,790
烏魯木齊聚岑實業有限責任公司 Urumqi Jucen Industrial LLC ("Urumqi Jucen") (Note (ii))	Real estate development	29 June 2020	100%	103,573
湖北遠景置業有限公司 Hubei Yuanjing Real Estate Co., Ltd ("Hubei Yuanjing") (Note (iii))	Real estate development	29 July 2020	70%	439,600
大連勝鼎文林置業有限公司 Dalian Shengding Wenlin Real Estate Development Co., Ltd. ("Dalian Shengding") (Note (iv))	Real estate development	29 September 2020	80%	410,552
浙江綠城築樂美城市發展有限公司 Zhejiang Greentown Zhulemei City Development Co., Ltd. ("Greentown Zhulemei") (Note (v))	Design and Decoration	30 September 2020	51%	10,145
武漢賽達萬景房地產開發有限公司 Wuhan Saida Wanjing Real Estate Development Co., Ltd. ("Wuhan Saida") (Note (vi))	Real estate development	15 December 2020	100%	1,000
				1,319,660

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37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2020 were as follows: (continued)

Notes:

- (i) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 88% equity interests of Dalian Baorong so as to continue the expansion of the Group's property development operation.
- (ii) Chengdu Greentown Bashu Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests of Urumqi Jucen so as to continue the expansion of the Group's property development operation. The Group accounted for the acquisition of 100% equity interests of Urumqi Jucen as an acquisition of asset. The major assets acquired is properties for development amounting to RMB856,522,000.
- (iii) Huazhong Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 70% equity interests of Hubei Yuanjing so as to continue the expansion of the Group's property development operation.
- (iv) Dalian Wocheng Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 80% equity interests of Dalian Shengding so as to continue the expansion of the Group's property development operation.
- (v) Zhejiang Greentown Housing Service System Co., Ltd., a subsidiary of the Company, acquired 51% equity interest of Greentown Zhulemei so as to continue the expansion of the Group's design and decoration operation.
- (vi) Wuhan Lijing Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests of Wuhan Saida so as to continue the expansion of the Group's property development operation. The Group accounted for the acquisition of 100% equity interests of Wuhan Saida as an acquisition of asset. The major assets acquired is properties for development amounting to RMB616,172,000.

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37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng") (Note (i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Shandong Qinghe") (Note (ii))	Design and decoration	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern") (Note (iii))	Real estate development	22 April 2019	51%	45,262
蘇州悅順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd. ("Suzhou Yueshun") (Note (iv))	Real estate development	29 October 2019	40%	760,000
大連金石葡萄酒莊有限公司 Dalian Jinshi Winery Co., Ltd. ("Dalian Jinshi Winery") (Note (v))	Real estate development	13 December 2019	60%	169,707
杭州昌榮商務信息諮詢有限公司 Hangzhou Changrong Commercial Information Consulting Co., Ltd. ("Hangzhou Changrong") (Note (vi))	Investment holding	17 December 2019	100%	192,209
大連建中置業有限公司 Dalian Jianzhong Real Estate Co., Ltd. ("Dalian Jianzhong") (Note (vii))	Real estate development	29 November 2019	51%	–
				1,565,146

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37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows: (continued)

Notes:

- (i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.
- (ii) Greentown Real Estate Construction Management Group Co., Ltd. ("Greentown Real Estate Construction Management Group"), a subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.
- (iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Eastern so as to continue the expansion of the Group's property development operation. Beijing Eastern was previously a 49%-owned associate of the Group.
- (iv) Shanghai Misheng Real Estate Development Co., Ltd., a subsidiary of the Company, acquired 40% equity interest of Suzhou Yueshun so as to continue the expansion of the Group's property development operation. Suzhou Yueshun was previously a 35%-owned associate of the Group.
- (v) Beijing Woyi Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interests of Dalian Jinshi Winery so as to continue the expansion of the Group's property development operation.
- (vi) Greentown Real Estate acquired 100% equity interest of Hangzhou Changrong so as to continue the expansion of the Group's property development operation. Hangzhou Zhenmao Investment Co., Ltd. ("Hangzhou Zhenmao") and Hangzhou Greentown Wangxi are the associates of Hangzhou Changrong, therefore were also acquired by the Group. Hangzhou Zhenmao and Hangzhou Greentown Wangxi were previously 20% owned associates of the Group.
- (vii) Beijing Xinyi Real Estate Development Co., Ltd, a wholly-owned subsidiary of the Company, obtained 51% equity interests of Dalian Jianzhong by capital injection of RMB5,100,000 so as to continue the expansion of the Group's property development operation.

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37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	2020 Total RMB'000	2019 Total RMB'000
Net assets acquired:		
Property, plant and equipment	184	1,025
Interest in associates	–	148,977
Deferred tax assets	8,768	25,215
Properties for development	1,472,694	599,610
Properties under development	3,660,506	6,238,918
Inventory	16,381	–
Completed properties for sale	–	93,983
Trade and other receivables, deposits and prepayments	56,558	227,982
Amounts due from related parties	–	781,311
Prepaid income taxes	2,583	59
Prepaid other taxes	23,872	5,870
Bank balances and cash	48,016	325,561
Trade and other payables	(1,885,048)	(487,262)
Contract liabilities	(122,685)	(10,863)
Amounts due to related parties	(78,864)	(3,128,529)
Income taxes payable	(1,111)	(168,936)
Other taxes payable	(11,134)	(39)
Bank and other borrowings	(1,294,000)	(1,320,000)
Deferred tax liabilities	(227,894)	(81,891)
	1,668,826	3,250,991
Non-controlling interests	(246,528)	(594,996)
	1,422,298	2,655,995
Less:		
Transferred from interests previously held and classified as joint ventures	(102,638)	(1,047,362)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	–	(43,487)
	1,319,660	1,565,146

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37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows: (continued)

	2020 Total RMB'000	2019 Total RMB'000
Total consideration, satisfied by:		
Cash	600,708	1,167,178
Consideration payables	718,952	397,968
	1,319,660	1,565,146
Net cash inflow arising on acquisition		
Cash paid	(600,708)	(1,167,178)
Bank balances and cash acquired	48,016	325,561
	(552,692)	(841,617)

The acquisition of the subsidiaries has been accounted for using the acquisition method.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB56,558,000 at the date of acquisition had gross contractual amounts of RMB56,558,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB246,528,000.

The subsidiaries contributed RMB162,516,000 in revenue to the Group between the date of acquisition and the end of the year.

The profits attributable to a subsidiary amounted to RMB13,471,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The losses attributable to certain subsidiaries amounted to RMB11,484,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

Had the acquisition of the subsidiaries been effected at 1 January 2020, the Group's revenue and profit for the year ended 31 December 2020 would have been RMB65,950,568,000 and RMB5,758,829,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Analysis of the summary of effects of acquisition of subsidiaries in 2019 are set out in the Group's consolidated financial statements for the year ended 31 December 2019.

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38. Disposal of Subsidiaries

In April 2020, the Group disposed of its 100% equity interests in Hangzhou Chengling Business Consulting, LLP. (“Hangzhou Chengling”) to an independent third party and one of the Group’s joint venture for a zero consideration. After the disposal, Hangzhou Chengling was an independent third party of the Group.

In June 2020, the Group disposed of its 1% equity interests from 51% to 50% in Hangzhou Zhaoqian Investment Co., Ltd. (“Hangzhou Zhaoqian”) to an independent third party for a cash consideration of RMB10,000,000. Fuzhou Lvmin Real Estate Co., Ltd. (“Fuzhou Lvmin”) is a wholly-owned subsidiary of Hangzhou Zhaoqian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaoqian and Fuzhou Lvmin were accounted for as joint ventures of the Group.

In August 2020, the Group’s equity interest was diluted from 100% to 51.25% in Guangzhou Lvyue Investment Development Co., Ltd. (“Guangzhou Lvyue”) due to capital injection by an independent third parties. After the deemed disposal, Guangzhou Lvyue was accounted for as a joint venture of the Group. Foshan Young City Real Estate Development Co., Ltd. was an 80%-owned subsidiary of Guangzhou Lvyue, therefore its equity interests was also diluted to 41%.

In September 2020, the Group disposed 2% equity interest in Zhejiang Greentown Landscape Garden Project Co., Ltd. (“Greentown Landscape Garden”) to an independent third party at a cash consideration of RMB330,000. After the disposal, the Group held a 49% equity interest in Greentown Landscape Garden, and therefore classified the investment as an associate of the Group.

In September 2020, the Group disposed 49% equity interest in Zhejiang Greentown Public City Garden Construction Co., Ltd. (“Greentown Public City Garden”) to an independent third party at a cash consideration of RMB12,250,000. After the disposal, the Group held a 51% equity interest in Greentown Public City Garden, and a valid shareholder resolution of relevant activities of Greentown Public City Garden requires a unanimous approval from all shareholders. Therefore, Greentown Public City Garden is accounted for as a joint venture of the Group afterwards.

In October 2020, the Group disposed of its 100% equity interests in Hangzhou Greentown Haiqi Industrial Co., Ltd. (“Greentown Haiqi”) to an independent third party for a cash consideration of RMB344,500,000. After the disposal, Greentown Haiqi was an independent third party of the Group.

In November 2020, the Group disposed of its 59% equity interest in Chengdu Zhezhongda Real Estate Co., Ltd. (“Chengdu Zhezhongda”) to an independent third party at a cash consideration of RMB228,000,000. After the disposal, the Group held a 1% equity interest in Chengdu Zhezhongda, and therefore classified the investment as equity instruments at FVTOCI of the Group.

In November 2020, the Group disposed of its 20% equity interest in Beijing Yingcheng Real Estate Co., Ltd. (“Beijing Yingcheng”) to an independent third party at a cash consideration of RMB109,000. Xi’an Yayi Real Estate Development Co., Ltd. (“Xi’an Yayi”) is a wholly-owned subsidiary of Beijing Yingcheng, therefore was also disposed by the Group. After the disposal, Beijing Yingcheng and Xi’an Yayi were accounted for as joint ventures of the Group.

In December 2020, the Group disposed of its 100% equity interests in Beijing Eastern to an independent third party for a cash consideration of RMB136,000,000. After the disposal, Beijing Eastern was an independent third party of the Group.

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38. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	1,879,475
Right-of-use assets	214,238
Deferred tax assets	42,058
Property for development	1,487,080
Property under development	4,647,448
Completed properties for sale	147,871
Inventories	322
Trade and other receivables, deposits and prepayments	51,621
Amounts due from related parties	2,317,276
Prepaid income taxes	12,263
Prepaid other taxes	83,447
Contract assets	7,084
Bank balances and cash	1,263,978
Assets classified as held for sale	95,747
Contract liabilities	(502,039)
Trade and other payables	(1,077,147)
Amounts due to related parties	(4,525,684)
Income taxes payables	(164,274)
Other taxes payables	(56,995)
Bank and other borrowings	(4,065,350)
Liabilities classified as held for sale	(70,409)
Deferred tax liability	(60,879)
	1,727,131
Transferred to interests held and classified as associates and joint ventures	(521,274)
Transferred to interests held and classified as an investment in equity instrument at FVTOCI	(3,865)
Net gain on disposal of subsidiaries	174,902
Non-controlling interests	(645,705)
Total consideration	731,189
Satisfied by:	
Cash	718,609
Consideration receivable	12,580
	731,189
Net cash outflow arising on disposal:	
Cash received	718,609
Bank balances and cash disposed of	(1,263,978)
	(545,369)

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39. Operating Leasing Arrangements

The Group as lessor

	2020 RMB'000	2019 RMB'000
Property investment rental income, net of negligible outgoings	161,737	164,400

Undiscounted lease payments receivable on leases are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	212,920	206,367
In the second year	88,794	138,085
In the third year	64,611	68,761
In the fourth year	52,721	58,008
In the fifth year	44,586	53,478
After five years	98,270	363,056
	561,902	887,755

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

40. Commitments

	2020 RMB'000	2019 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	44,213,975	30,768,717

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2020 RMB'000	2019 RMB'000
Contracted for but not provided in respect of properties for development and properties under development and construction in progress	9,783,867	2,923,622

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41. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK\$2.89	HK\$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK\$7.16	HK\$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK\$11.00	HK\$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK\$11.59	HK\$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK\$2.75, HK\$7.16, HK\$11.00 and HK\$11.52 respectively.

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41. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The share options are exercisable during the following periods:

2009A

- (i) up to 50% of the share options granted to each grantee from 22 January 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B

- (i) up to 33% of the share options granted to each grantee from 13 May 2009;
- (ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

- (i) up to 50% of the share options granted to each grantee from 22 June 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

- (i) up to 50% of the share options granted to each grantee from 17 July 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2019: nil) in relation to share options granted under 2006 Share Option Scheme.

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41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date. On 28 August 2018, 8,900,000 share options under 2016 Share Option Scheme were granted to eligible parties, representing 0.41% of the ordinary shares of the Company in issue at that date. On 29 December 2020, 77,349,600 share options under 2016 Share Option Scheme were granted to eligible parties, representing 3.10% of the ordinary shares of the Company in issue at that date.

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

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41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 28 August 2018 ("2018") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 27 August 2028
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 27 August 2028
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 27 August 2028
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 27 August 2028
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 27 August 2028

Details of options granted on 29 December 2020 ("2020") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 28 December 2030
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 28 December 2030
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 28 December 2030
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 28 December 2030
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 28 December 2030

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017	The options granted on 28 August 2018	The options granted on 29 December 2020
Share price at the date of grant	HK\$9.1	HK\$7.8	HK\$10.88
Exercise price	HK\$9.1	HK\$8.326	HK\$11.152
Expected life	10 years	10 years	10 years
Expected volatility of the Company's share price	55.28%	54.81%	49.15%
Expected dividend yield	4.33%	3.1%	4.41%
Risk-free rates of interest	1.94%	2.201%	0.554%
Exercise market condition	at least 30% above the exercise price	at least 30% above the exercise price	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

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41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The estimated fair value of the options granted on 27 December 2017 was HK\$358,000,000 (approximately RMB299,753,000). The estimated fair value of the options granted on 28 August 2018 was HK\$29,454,000 (approximately RMB25,534,000). The estimated fair value of the options granted on 29 December 2020 was HK\$262,000,000 (approximately RMB221,162,000).

The Group has recognised the total expense of RMB19,734,000 (2019: RMB42,763,000) in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2020	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2020
2017	58,850,000	–	(256,000)	(8,450,000)	50,144,000
2018	8,900,000	–	–	–	8,900,000
2020	–	77,349,600	–	–	77,349,600
	67,750,000	77,349,600	(256,000)	(8,450,000)	136,393,600
Weighted average exercise price	HK\$9.00	HK\$11.15	HK\$9.10	HK\$9.10	HK\$10.21
Exercisable at the end of the year					45,404,000
Weighted average exercise price					HK\$9.02

Option type	Outstanding at 1/1/2019	Exercised during year	Forfeited during year	Outstanding at 31/12/2019
2009A	2,060,000	(1,494,500)	(565,500)	–
2009B	3,359,000	(750,000)	(2,609,000)	–
2009C	29,100,500	–	(29,100,500)	–
2017	100,000,000	–	(41,150,000)	58,850,000
2018	8,900,000	–	–	8,900,000
	143,419,500	(2,244,500)	(73,425,000)	67,750,000
Weighted average exercise price	HK\$9.30	HK\$4.32	HK\$9.74	HK\$9.00
Exercisable at the end of the year				37,980,000
Weighted average exercise price				HK\$9.05

In respect of the share options exercised during the year, the weighted average closing price of the shares immediately before the dates of exercise is HK\$11.97 (2019: HK\$6.44).

HK\$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK\$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK\$3.50 per share option in three annual instalments.

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41. Share-Based Payment Transactions (continued)

Share Award Scheme

On 21 March 2019, the Company adopted the share award scheme (the "Share Award Scheme"), pursuant to which the ordinary shares of the Company (the "Shares") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 7,414,000 shares to the employees and directors in the 2019 year. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

The carrying amount of 3,813,000 (2019: 7,414,000) shares purchased on the Stock Exchange and held for the Share Award Scheme was RMB19,469,000 as at 31 December 2020 (2019: RMB37,852,000). The Group has recognised the total expense of RMB17,364,000 (2019: RMB15,760,000) in the profit or loss in relation to Shares granted under Share Award Scheme.

42. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2020 RMB'000	2019 RMB'000
Property plant and equipment	4,151,356	3,063,257
Right-of-use assets	323,828	360,381
Properties for development	452,013	2,504,272
Properties under development	79,497,518	81,984,914
Completed properties for sale	2,374,859	76,563
Investment properties	2,325,693	2,355,701
Trade and other receivables, deposits and prepayments	–	123,642
Pledged bank deposits	5,655,839	5,326,761
Interests in associates	77,027	72,355
	94,858,133	95,867,846

43. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

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44. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB37,065,562,000 (2019: RMB35,651,192,000) at 31 December 2020 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2020 RMB'000	2019 RMB'000
<i>Credit guarantees provided to:</i>		
Associates	7,728,857	8,199,419
Joint ventures	12,612,805	12,879,126
	20,341,662	21,078,545

	2020 RMB'000	2019 RMB'000
<i>Mortgage and charge guarantees provided to:</i>		
Associates	2,850,000	4,275,000
Total	23,191,662	25,353,545

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	4,016,399	2,170,782

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	2,508,756	1,445,244

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the year 2020 and 2019.

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45. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 31, 32, 33, 34 and 48(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

46. Financial Instruments

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised cost	118,145,575	109,075,041
Equity instruments at FVTOCI	2,037,318	1,511,985
Financial liabilities		
Amortised cost	188,303,084	167,059,031

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables contract assets, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes, receipts under securitisation arrangements and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Market risk***(i) Currency risk*

The Group has bank balances, equity instruments at FVTOCI, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Hong Kong dollars ("HKD")	1,773,417	1,090,893	3,267,044	2,714,028
United States dollars ("USD")	3,314,493	5,680,369	21,046,466	16,501,216

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, equity instruments at FVTOCI, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Profit or loss	42,027	47,633	664,949	405,782
Other comprehensive income (note)	(55,934)	(52,938)	—	—

Note: This is attributable to foreign currency exposure on listed equity instruments at FVTOCI.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 28, 31, 32, 33, 34 and 48 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 28, 31 and 48 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2019: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2019: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2020 would have increased/decreased by RMB24,451,000 (2019: increased/decreased by RMB19,460,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's interest charged for the year ended 31 December 2020 (before considering the impact to interest capitalized) would have decreased/increased by RMB179,465,000 (2019: decreased/increased by RMB147,644,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

For the year ended 31 December 2020

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong and unlisted equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2019: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB203,732,000 (2019: increase/decrease by RMB151,199,000).

Credit risk and impairment assessment

As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix, as appropriate.

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

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46. Financial Instruments (continued)

(b) **Financial risk management objectives and policies (continued)** **Credit risk and impairment assessment (continued)**

Amounts due from related parties

The credit risk of amounts due from related parties is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

For the year ended 31 December 2020

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)**

The Group's internal credit risk grading assessment for trade receivables and contract assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates but usually settle in full after due date.	Lifetime ECL – not credit impaired
Doubtful	The balances are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables and amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	Interest and/or principal repayments are 30 days past due, but the counterparty still has a strong capacity to meet contractual cash flows.	Lifetime ECL – not credit impaired
Watch list	Interest and/or principal repayments are 30 days past due, or the Group considers that there is significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)**

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2020 Gross carrying amount RMB'000	2019 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivable	26	N/A	Note 1	Lifetime ECL (provision matrix)	1,242,948	1,084,808
			Loss	Lifetime ECL (credit impaired)	62,156	56,404
					1,305,104	1,141,212
Other receivables and amounts due from related parties	26 & 48	N/A	Performing	12-month ECL	44,458,831	45,783,833
			Low risk & Watch list	Lifetime ECL (not credit impaired)	9,554,563	9,812,912
			Doubtful & Loss	Lifetime ECL (credit impaired)	1,116,690	1,099,000
					55,130,084	56,695,745
Pledged bank deposits	28	AAA – A (Note 2)	N/A	12-month ECL	5,655,839	5,326,761
Bank balances and cash	28	AAA – A (Note 2)	N/A	12-month ECL	59,547,352	46,567,729
Contract assets	27	N/A	Note 1	Lifetime ECL (provision matrix)	3,176,165	2,832,323
Financial guarantee contracts	44	N/A	Note 3	12-month ECL	66,782,379	64,620,763

Notes:

- For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.
- External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.
- For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB66,782,379,000 as at 31 December 2020 (2019: RMB64,620,763,000). At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at December 31, 2019 and December 31, 2020.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)***Provision matrix – debtors' aging*

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel operations, project management, design and decoration and sales of construction materials operating segments because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables based on provision matrix within lifetime ECL (not credit impaired) are presented below. Debtors with gross carrying amounts of RMB62,156,000 that was defaulted as at 31 December 2020 (2019: RMB56,404,000) were assessed individually.

	2020		2019	
	Range of loss rate	Trade receivables RMB'000	Range of loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 90 days	0.3%-0.5%	692,160	0.3%-0.5%	537,668
91-180 days	0.6%-5.5%	209,188	0.6%-1.3%	131,557
181-365 days	0.9%-6.3%	128,712	0.7%-2.6%	129,030
Over 365 days	5.6%-28.7%	212,888	1.9%-29.3%	286,553
		1,242,948		1,084,808

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)***Provision matrix – debtors' aging (continued)*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2019	42,398	58,868	101,266
Impairment losses recognised	17,316	207	17,523
Impairment losses reversed	(23,236)	–	(23,236)
Disposal of a subsidiary	–	(2,671)	(2,671)
As at 31 December 2019	36,478	56,404	92,882
Transfer to credit-impaired	(343)	343	–
Impairment losses recognised	47,815	5,413	53,228
Impairment losses reversed	–	(3)	(3)
As at 31 December 2020	83,950	62,157	146,107

The impairment losses recognised in lifetime ECL (not credit impaired) during the year 2020 is mainly due to the increase in the rate of expected credit losses.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)***Provision matrix – internal credit rating*

The following table provides information about the exposure to credit risk and ECL for other receivables and amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix within 12-month ECL and life time (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB5,438,269,000 respectively as at 31 December 2020 (2019: RMB5,682,141,000) were assessed individually.

	2020		2019	
	Range of loss rate	Other receivables and amounts due from related parties RMB'000	Range of loss rate	Other receivables and amounts due from related parties RMB'000
Gross carrying amount				
Performing	0.1%-0.6%	44,458,831	0.1%-1.4%	45,783,833
Low risk	1.2%-9.0%	3,629,931	1.5%-7.6%	3,630,796
Watch list	8.3%-29.4%	1,603,053	12.1%-29.6%	1,598,975
		49,691,815		51,013,604

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)***Provision matrix – internal credit rating (continued)*

The following table shows the movement in lifetime ECL that has been recognised for other receivables and amounts due from related parties.

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2019	59,044	1,393,630	1,140,573	2,593,247
Transfer to lifetime ECL	(1,184)	1,184	–	–
Impairment losses recognized	36,653	868,978	58,427	964,058
Impairment losses reversed	–	(61,458)	(100,000)	(161,458)
As at 31 December 2019	94,513	2,202,334	1,099,000	3,395,847
Transfer to lifetime ECL	(1,352)	1,352	–	–
Transfer to credit-impaired	–	(187,366)	187,366	–
Impairment losses recognized	–	276,404	336,119	612,523
Impairment losses reversed	(39,620)	(64,611)	–	(104,231)
Write off	–	–	(505,795)	(505,795)
As at 31 December 2020	53,541	2,228,113	1,116,690	3,398,344

Changes in the loss allowance for other receivables and amounts due from related parties are mainly due to:

	Increase in 12-month ECL RMB'000	31/12/2020 Increase in lifetime ECL Not credit- impaired RMB'000	Credit- impaired RMB'000
One debtor with a gross carrying amount of RMB340,314,000 defaulted	–	–	340,314
Several debtors with a gross carrying amount of RMB317,923,000 recognised impairment loss	–	276,404	–
Total	–	276,404	340,314

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Credit risk and impairment assessment (continued)***Provision matrix – internal credit rating (continued)*

	Increase in 12-month ECL RMB'000	31/12/2019	
		Increase in lifetime ECL Not credit- impaired RMB'000	Credit- impaired RMB'000
One debtor with a gross carrying amount of RMB58,427,000 defaulted	–	–	58,427
Several debtors with a gross carrying amount of RMB4,159,674,000 recognised impairment loss	–	813,243	–
Total	–	813,243	58,427

Impairment losses reversed in lifetime ECL (credit impaired) during the year 2019 and 2020 is due to the repayment from the debtor.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes, corporate debt instruments, receipts under securitisation arrangements and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Liquidity risk (continued)***Liquidity and interest risk tables*

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2020 RMB'000
2020						
Non-derivative financial liabilities						
Trade and other payables	–	44,746,389	922,295	–	45,668,684	45,668,684
Bank and other borrowings						
– fixed-rate	5.18%	8,444,179	32,469,308	1,579,932	42,493,419	37,040,759
– variable-rate	4.65%	19,444,703	34,348,168	1,940,587	55,733,458	50,383,638
Amounts due to related parties						
– interest-free	–	10,442,376	–	–	10,442,376	10,442,376
– fixed-rate	5.92%	12,888,615	–	–	12,888,615	12,168,019
– variable-rate	5.12%	863,968	–	–	863,968	821,866
Senior notes	5.18%	214,062	4,881,342	–	5,095,404	3,959,782
Corporate debt instruments	5.05%	9,828,171	17,744,534	1,044,079	28,616,784	25,920,319
Receipts under securitisation arrangements	3.97%	78,000	2,117,000	–	2,195,000	1,897,641
Leases liabilities	5.40%	35,563	122,361	20,502	178,426	137,630
Financial guarantee contracts	–	66,782,379	–	–	66,782,379	–
		173,768,405	92,605,008	4,585,100	270,958,513	188,440,714

For the year ended 31 December 2020

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)**Liquidity risk (continued)***Liquidity and interest risk tables*

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2019 RMB'000
2019						
Non-derivative financial liabilities						
Trade and other payables	–	41,862,944	965,846	–	42,828,790	42,828,790
Bank and other borrowings						
– fixed-rate	5.65%	6,579,952	12,501,254	1,026,910	20,108,116	17,609,777
– variable-rate	5.13%	10,517,569	34,345,966	2,735,588	47,599,123	41,983,396
Amounts due to related parties						
– interest-free	–	8,195,339	–	–	8,195,339	8,195,339
– fixed-rate	6.16%	20,766,868	–	–	20,766,868	19,605,405
– variable-rate	4.70%	912,402	–	–	912,402	852,712
Senior notes	5.69%	7,891,388	–	–	7,891,388	7,712,382
Corporate debt instruments	5.38%	8,618,387	20,014,085	541,592	29,174,064	26,637,264
Receipts under securitisation arrangements	5.29%	1,646,288	–	–	1,646,288	1,633,966
Leases liabilities	5.40%	27,397	101,990	7,764	137,151	116,435
Financial guarantee contracts	–	64,620,763	–	–	64,620,763	–
		171,639,297	67,929,141	4,311,854	243,880,292	167,175,466

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

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46. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	1,118,673 (31 December 2019: 1,058,755)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	918,645 (31 December 2019: 453,230)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.8-36.3 per cent (2019: 2.8-36.3 per cent). Discount rate, taking into account weighted average cost of capital (WACC) determined using a capital asset pricing model, 8% (2019: N/A).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2020		2019	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	3,897,129 ¹	3,993,239 ²	7,632,119 ¹	7,719,263 ²
Corporate debt instruments (Level 2)	25,231,327 ¹	25,878,429 ²	25,905,349 ¹	26,343,132 ²
Receipts under securitisation arrangements (Level 2)	1,892,822 ¹	1,892,400 ²	1,598,530 ¹	1,600,000 ²

1 The carrying amount of liability component represented the principle of the financial liability.

2 Based on quoted price

There were no transfer into or out of Level 2 during both years.

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47. Reconciliation of Liabilities Arising from Financial Activities

The tables below details change in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings	Senior notes	Corporate debt instruments	Receipts under securitisation arrangements	Leases liabilities	Amount due to related parties	Dividend payable	Total
	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000 (note 48(ii))	RMB'000	RMB'000
As at 1 January 2019	49,641,352	3,355,113	26,866,599	1,595,196	149,297	26,728,482	-	108,336,039
Financing cash flows	9,459,542	4,036,195	(1,616,235)	(43,914)	(102,079)	11,547,891	(1,244,687)	22,036,713
Acquisition of subsidiaries (note 37)	1,320,000	-	-	-	-	3,128,529	-	4,448,529
Disposal of subsidiaries	(5,901,000)	-	-	-	(25,908)	(13,094,607)	-	(19,021,515)
Transfer to held for sales	-	-	-	-	(767)	(8,762)	-	(9,529)
New leases entered/lease Modified	-	-	-	-	86,886	-	-	86,886
Foreign exchange Translation	1,372,378	43,006	-	-	-	-	-	1,415,384
Interest expenses	3,700,901	278,068	1,386,900	82,684	9,006	551,923	-	6,009,482
Consideration paid for acquisition of a subsidiary recognised in prior year	-	-	-	-	-	(200,000)	-	(200,000)
Dividends declared	-	-	-	-	-	-	1,244,687	1,244,687
At 31 December 2019	59,593,173	7,712,382	26,637,264	1,633,966	116,435	28,653,456	-	124,346,676
Financing cash flows	26,334,525	(3,800,323)	(2,079,960)	212,762	(120,680)	53,600	(3,122,254)	17,477,670
Acquisition of subsidiaries (note 37)	1,294,000	-	-	-	-	78,864	-	1,372,864
Disposal of subsidiaries (note 38)	(4,065,350)	-	-	-	-	(4,525,684)	-	(8,591,034)
New leases entered/lease modified	-	-	-	-	151,721	-	-	151,721
Early termination of leases	-	-	-	-	(17,277)	-	-	(17,277)
Foreign exchange translation	(1,101,011)	(348,034)	-	-	-	-	-	(1,449,045)
Interest expenses	5,369,060	395,757	1,363,015	50,913	7,431	611,832	-	7,798,008
Consideration payable for acquisition of a subsidiary	-	-	-	-	-	299,600	-	299,600
Net off interest in an associate	-	-	-	-	-	(670,500)	-	(670,500)
Net off amount due from a joint venture	-	-	-	-	-	(1,068,907)	-	(1,068,907)
Dividends declared	-	-	-	-	-	-	3,122,254	3,122,254
At 31 December 2020	87,424,397	3,959,782	25,920,319	1,897,641	137,630	23,432,261	-	142,772,030

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48. Related Party Disclosures

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2020 RMB'000	2019 RMB'000
Construction service income from associates (note)	77,708	68,391
Construction service income from joint ventures (note)	40,860	109,783
Construction design fees paid to Shareholders' Companies	378,878	486,029
Construction design fees paid to joint ventures	571,803	434,619
Rental expenses paid/payable to Shareholders' Companies	3,379	7,818
Purchases from joint ventures and associates (note)	381,532	192,531
Purchase of property from an associate (note)	–	100,894
Interest income arising from amounts due from:		
– associates (note)	1,242,335	384,964
– joint ventures (note)	581,055	614,899
– non-controlling shareholders	40,201	6,241
– Shareholders' Companies	–	–
Interest expense arising from amounts due to:		
– associates (note)	428,252	41,318
– joint ventures (note)	68,028	154,757
– non-controlling shareholders	271,665	327,398
– directors	17,143	21,010
– Shareholders' Companies	19	7,440
Advertising expenses paid/payable to joint ventures (note)	133,019	103,774
Comprehensive service income from associates (note)	86,472	77,598
Interior decoration service income from:		
– joint ventures and associates (note)	744,188	603,610
– Shareholders' Companies	4,571	160
Landscape construction fee to associates (note)	7,492	4,003
Educational services framework fee to Shareholders' Companies	7,002	6,932

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Before May 2020, CCCG was a "Shareholder" of the Company. After May 2020, CCCG and Xinhua Zhongbao Co., Ltd. are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

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48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2020						
	Project-related		Non-project related		Sub Total		Total RMB'000
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	
Due from Shareholders' Companies	-	53,346	-	-	-	53,346	
Non-controlling shareholders	142,772	18,378,908	-	-	142,772	18,378,908	18,521,680
Associates	9,591,007	5,024,191	-	273,807	9,591,007	5,297,998	14,889,005
Joint ventures	8,762,509	5,362,899	-	235	8,762,509	5,363,134	14,125,643
Officers	-	31,316	105,070	-	105,070	31,316	136,386
	18,496,288	28,850,660	105,070	274,042	18,601,358	29,124,702	47,726,060
Due to Shareholders' Companies	-	29,283	-	-	-	29,283	29,283
Non-controlling shareholders	1,756,814	6,646,632	-	69,020	1,756,814	6,715,652	8,472,466
Associates	7,012,202	2,121,290	-	150,026	7,012,202	2,271,316	9,283,518
Joint ventures	4,220,869	1,067,193	-	20,083	4,220,869	1,087,276	5,308,145
Officers	-	338,849	-	-	-	338,849	338,849
	12,989,885	10,203,247	-	239,129	12,989,885	10,442,376	23,432,261
	2019						
	Project-related		Non-project related		Sub Total		Total RMB'000
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	
Due from Shareholders' Companies	-	20,462	-	1,589	-	22,051	
Non-controlling shareholders	722,349	16,188,868	-	-	722,349	16,188,868	16,911,217
Associates	8,658,934	4,465,250	-	358,563	8,658,934	4,823,813	13,482,747
Joint ventures	14,541,263	2,321,311	-	1,231,754	14,541,263	3,553,065	18,094,328
Officers	-	31,316	45,008	-	45,008	31,316	76,324
	23,922,546	23,027,207	45,008	1,591,906	23,967,554	24,619,113	48,586,667
Due to Shareholders' Companies	-	120,390	-	-	-	120,390	120,390
Non-controlling shareholders	6,377,686	977,240	-	73,783	6,377,686	1,051,023	7,428,709
Associates	11,085,201	5,407,204	-	50,321	11,085,201	5,457,525	16,542,726
Joint ventures	2,995,230	1,399,073	-	-	2,995,230	1,399,073	4,394,303
Officers	-	167,328	-	-	-	167,328	167,328
	20,458,117	8,071,235	-	124,104	20,458,117	8,195,339	28,653,456

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,275,442,000 (2019: RMB2,207,831,000).

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48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:
(continued)

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(b) The project-related balances due from non-controlling shareholders and officer are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are within the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(c) The amounts due to Shareholders' Companies arise mainly from construction payables of a CCCG's fellow subsidiary.

(d) The project-related balances due to non-controlling shareholders and officer are mainly project advances from these non-controlling shareholders and officer and are within the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(e) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

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48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

- (a) The project-related amounts due from non-controlling shareholders of RMB13,995,000 (2019: RMB107,059,000) at 31 December 2020 carried interest at fixed rate ranging from 5.00% to 6.30% (2019: 6.30%) per annum.
- (b) The project-related amounts due from non-controlling shareholders of RMB128,777,000 (2019: RMB615,290,000) at 31 December 2020 carried interest at a variable rate of 5.46% (2019: 5.46%) per annum.
- (c) The project-related amounts due from associates of RMB694,117,000 (2019: RMB657,076,000) at 31 December 2020 carried interest at a variable rate from 1.40% to 8.80% (2019: 1.40% to 8.80%) per annum.
- (d) The project-related amounts due from associates of RMB8,896,890,000 (2019: RMB8,001,858,000) at 31 December 2020 carried interest at fixed rates ranging from 3.70% to 11.50% (2019: 3.70% to 9.00%) per annum.
- (e) The project-related amounts due from joint ventures of RMB2,290,898,000 (2019: RMB2,191,947,000) at 31 December 2020 carried interest at a variable rate of 1.40% to 4.79% (2019: 1.40% to 4.75%) per annum.
- (f) The project-related amounts due from joint ventures of RMB6,471,611,000 (2019: RMB12,349,316,000) at 31 December 2020 carried interest at fixed rates ranging from 1.00% to 9.00% (2019: 1.00% to 9.00%) per annum.
- (g) The project-related amounts due to non-controlling shareholders of RMB nil (2019: RMB852,712,000) at 31 December 2020 carried interest at variable rates.
- (h) The project-related amounts due to non-controlling shareholders of RMB1,756,814,000 (2019: RMB5,524,974,000) at 31 December 2020 carried interest at fixed rates ranging from 3.50% to 9.00% (2019: 2.00% to 9.00%) per annum.
- (i) The project-related amounts due to associates of RMB821,866,000 (2019: RMB nil) at 31 December 2020 carried interest at a variable rate of 5.23% (2019: N/A) per annum.
- (j) The project-related amounts due to associates of RMB6,190,336,000 (2019: RMB11,085,202,000) at 31 December 2020 carried interest at fixed rates ranging from 0.30% to 8.80% (2019: 0.35% to 7.00%) per annum.
- (k) The project-related amounts due to joint ventures of RMB4,220,869,000 (2019: RMB2,995,230,000) at 31 December 2020 carried interest at fixed rates ranging from 1.75% to 9.00% (2019: 1.80% to 6.70%) per annum.

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48. Related Party Disclosures (continued)

- (iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows:

	2020 RMB'000	2019 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries	240,200	240,955

2020:

In January 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 20% equity interest in Beijing Sunshine Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB15,000,000.

In January 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Zhejiang Young City Investment Co., Ltd. for a consideration of approximately RMB12,428,000.

In June 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 8% equity interest in Xinjiang Junfa Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB67,690,000.

In July 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 6% equity interest in Xi'an Xinhongye Investment Development Co., Ltd. for a consideration of approximately RMB111,128,000.

In September 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 16.5% equity interest in Hangzhou Greentown Kunyi Gardening Design Consulting Co., Ltd. for a consideration of approximately RMB954,000.

In September 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 5% equity interest in Hangzhou Xixi Villa Real Estate Development Co., Ltd. for a consideration of approximately RMB4,000,000.

In October 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 24% equity interest in Hangzhou Yinjia Real Estate Development Co., Ltd. for a consideration of approximately RMB24,000,000.

In November 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Zhoushan Putuo Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB5,000,000.

For the year ended 31 December 2020

48. Related Party Disclosures (continued)

- (iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows: (continued)

2019:

In January 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 32.06% equity interest in Zhoushan Dinghai Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB38,530,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Greentown Decoration Project Group Co., Ltd. for a consideration of approximately RMB55,837,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Greentown Ideal Housing Technology Service Co., Ltd. for a consideration of approximately RMB3,200,000.

In July 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Dalian Greentown Real Estate Co., Ltd. for a consideration of approximately RMB23,008,000.

In November 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 6.67% equity interest in Beijing Liangma Real Estate Co., Ltd. for a consideration of approximately RMB10,000,000.

In December 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Ningbo Fenghua Greentown Zhehong Real Estate Development Co., Ltd. for a consideration of approximately RMB110,380,000.

- (b) On 25 March 2020, Greentown Management, a subsidiary of the Company, entered into the agreement with CCCC Zhoushan Qiandao Central Business District Development Co. Ltd., a non-wholly owned subsidiary of CCCC. Pursuant to the agreement, Greentown Management agreed to provide CCCC Zhoushan Qiandao Central Business District Development Co. Ltd. with project management services in the project.

On 31 August 2020, Xi'an International Land Port National Games Village Development Co., Ltd., a non-wholly owned subsidiary of the Company, has conducted the selection process for the main contractor for commercial properties construction works under Plot 10# of Xi'an National Games Village by way of an open bidding process, and CCCC-SHEC Fifth Engineering Co., Ltd., an indirect non-wholly owned subsidiary of CCCC, was selected in accordance with the relevant requirements under the tender documents after public review. Xi'an International Land Port National Games Village Development Co., Ltd. entered into the construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering Co., Ltd. as the main contractor to carry out the commercial properties construction works of Plot 10# of Xi'an National Games Village.

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48. Related Party Disclosures (continued)**(iii)** (b) (continued)

On 11 December 2020, Greentown Real Estate Construction Management Group Co., Ltd. and Greentown Leju Construction Management Group Co., Ltd., each a non-wholly owned subsidiary of the Company, entered into the agreement with Hangzhou Sanhang Yinhu Construction Development Co., Ltd. an indirect non-wholly owned subsidiary of CCCG. Pursuant to the agreement, Greentown Real Estate Construction Management Group Co., Ltd. and Greentown Leju Construction Management Group Co., Ltd. agreed to provide Hangzhou Sanhang Yinhu Construction Development Co., Ltd. with project management services in relation to the project.

- (c) Since 10 July 2020, Greentown Management has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited. The total of 477,560,000 ordinary shares were allotted and issued to the shareholders on the register of members of Greentown Management in proportion to their respective shareholdings in Greentown Management of HKD0.01 each at the price of HKD2.50 per share for a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of HKD1,193,900,000 (equivalent to approximately RMB1,077,471,000).

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

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	49,796	49,708
Post-employment benefits	444	359
Equity-settled share option expense	10,272	30,300
Share award	4,387	3,508
	64,899	83,875

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

For the year ended 31 December 2020

49. Statement of Financial Position of the Company

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	154	146
Right-of-use assets	1,696	2,808
Investment in subsidiaries	2,123,006	2,123,006
	2,124,856	2,125,960
CURRENT ASSETS		
Other receivables	22,309	453
Amounts due from subsidiaries and related parties	28,013,620	27,769,598
Bank balances and cash	1,347,311	1,846,523
	29,383,240	29,616,574
CURRENT LIABILITIES		
Other payables	21,845	68,637
Amounts due to related parties	10,599,287	12,806,179
Other taxes payable	7,161	7,161
Bank and other borrowings	6,543,762	2,255,296
Senior notes	62,653	7,712,382
	17,234,708	22,849,655
NET CURRENT ASSETS	12,148,532	6,766,919
TOTAL ASSETS LESS CURRENT LIABILITIES	14,273,388	8,892,879
NON-CURRENT LIABILITIES		
Bank and other borrowings	9,396,569	8,796,098
Senior notes	3,897,129	–
Lease liabilities	1,691	3,070
	13,295,389	8,799,168
	977,999	93,711
CAPITAL AND RESERVES		
Share capital	239,264	209,694
Reserves (note)	738,735	(115,983)
	977,999	93,711

For the year ended 31 December 2020

49. Statement of Financial Position of the Company (continued)

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2019	1,371,462
Loss for the year	(1,017,742)
Dividend	(499,312)
Shares repurchased	(37,852)
Exercise of share options	8,938
Recognition of equity-settled share-based payments	58,523
At 31 December 2019	(115,983)
Loss for the year	(1,213,879)
Dividend	(748,176)
Shares issued	2,777,732
Exercise of share options	1,943
Recognition of equity-settled share-based payments	37,098
At 31 December 2020	738,735

50. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2020:

On 5 February 2021, Harbin Greentown Real Estate Co., Ltd. ("Harbin Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a supplemental agreement with CCCC Northeast Investment Co., Ltd. ("CCCC Northeast Investment"), Harbin Metro Real Estate Development Co., Ltd. ("Harbin Metro RED") and Harbin Young City Real Estate Co., Ltd. (the "Project Company"), pursuant to which Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide shareholders' loans at an interest of 7.5% per annum to the Project Company. The shareholders' loan is specific to the development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3, and is subject to independent shareholders' approval. As of 31 December 2020, the Project Company was a 46%-joint venture of the Company.

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51. Particulars of Principal Subsidiaries of the Company

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
綠城管理控股有限公司 Greentown Management	Cayman Islands 12 December 2016	HKD1,000,000,000	73% (note i)	100%	-	-	Investment management	Wholly foreign-owned enterprise
綠城房地產建設管理集團有限公司 Greentown Real Estate Construction Management Group	The PRC 21 March 2012	RMB200,000,000	-	-	73% (note i)	100%	Project management	Limited liability company
綠城建設管理集團有限公司 Greentown Construction Management Group Co., Ltd.	The PRC 8 September 2016	RMB1,050,000,000	-	-	73% (note i)	100%	Project management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB10,000,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
綠城資產管理集團有限公司 Greentown Assets Management Group Co., Ltd.	The PRC 11 August 2016	RMB15,000,000,000	-	-	100%	100%	Assets management	Limited liability company
綠城理想小鎮建設集團有限公司 Greentown Ideal Town Construction Group Co., Ltd.	The PRC 21 July 2016	RMB3,000,000,000	-	-	100%	100%	Real estate development	Limited liability company
綠城理想生活服務集團有限公司 (原名：綠城理想生活科技有限公司) Greentown Ideal Life Service Group Co., Ltd. (former name: Greentown Idea Life Technology Co.,Ltd.)	The PRC 21 March 2017	RMB600,000,000	-	-	100%	100%	Technology research and development	Limited liability company
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB100,000,000	-	-	100%	100%	Design and decoration	Limited liability company

For the year ended 31 December 2020

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
臨安金基房地產開發有限公司 Lin'an Jinji Real Estate Development Co., Ltd.	The PRC 22 March 2004	RMB140,000,000	-	-	18% (note ii)	18% (note ii)	Real estate development	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd. ("Beijing Liangma")	The PRC 26 February 2016	RMB100,000,000	-	-	40% (note ii)	40% (note ii)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	-	-	49% (note ii)	49% (note ii)	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd.	The PRC 28 December 2017	RMB100,000,000	-	-	50% (note ii)	50% (note ii)	Real estate development	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	-	-	41% (note ii)	41% (note ii)	Real estate development	Limited liability company
蘇州禦泰房地產開發有限公司 Suzhou Yutai Real Estate Development Co., Ltd.	The PRC 7 August 2019	RMB330,000,000	-	-	50% (note ii)	50% (note ii)	Real estate development	Limited liability company
義烏濱盛房地產開發有限公司 Yiwu Binsheng Real Estate Development Co., Ltd.	The PRC 2 August 2019	RMB500,000,000	-	-	26% (note ii)	26% (note ii)	Real estate development	Limited liability company
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang")	The PRC 26 December 2013	RMB300,000,000	-	-	50% (note iii)	50% (note iii)	Real estate development	Limited liability company

For the year ended 31 December 2020

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	-	-	100% (note iv)	80% Real estate development	Limited liability company	
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	-	-	58% (note v)	50% (note ii) Real estate development	Limited liability company	
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd.	The PRC 6 June 2003	RMB200,000,000	-	-	86% (note vi)	80% Real estate development	Limited liability company	
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd.	The PRC 23 November 2000	RMB80,000,000	-	-	85% (note vii)	80% Real estate development	Limited liability company	
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	-	-	80% (note viii)	56% Real estate development	Limited liability company	
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	-	-	100% (note ix)	90% Real estate development	Limited liability company	
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	-	-	100%	100% Real estate development	Limited liability company	

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB10,000,000	-	-	100%	100%	Real estate development	Limited liability company
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	-	-	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB4,500,000,000	-	-	100%	100%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	-	-	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	-	-	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	-	-	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Industrial Co., Ltd.	The PRC 11 July 2003	USD29,000,000	-	-	60%	60%	Real estate development	Foreign equity joint venture

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	-	-	55%	55%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Co., Ltd.	The PRC 22 October 1992	USD50,000,000	-	-	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB50,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城實業有限公司 Hangzhou Qiandaohu Greentown Industrial Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	-	-	80%	80%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	-	-	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB2,500,000,000	-	-	100%	100%	Real estate development	Limited liability company
城建中環(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	-	-	97%	97%	Real estate development	Sino-foreign equity joint venture
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	-	-	97%	97%	Real estate development	Limited liability company

For the year ended 31 December 2020

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	-	-	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	-	-	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	-	-	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB10,000,000	-	-	- (note xiii)	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	-	-	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	-	-	70%	70%	Real estate development	Limited liability company
德清綠城酒店有限公司 (原名：德清綠城房地產開發有限公司) Deqing Greentown Hotel Co., Ltd. (former name: Deqing Greentown Real Estate Development Co., Ltd.)	The PRC 1 February 2010	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	-	-	51%	51%	Real estate development	Limited liability company

For the year ended 31 December 2020

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	-	-	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	-	-	60%	60%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	-	-	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	-	-	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB10,000,000	-	-	80%	80%	Real estate development	Limited liability company
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB10,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	-	-	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB1,810,000,000	-	-	100%	100%	Real estate development	Limited liability company

For the year ended 31 December 2020

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	-	-	51%	51%	Real estate development	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd.	The PRC 11 March 2008	RMB100,000,000	-	-	80%	80%	Real estate development	Limited liability company
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing Real Estate Co., Ltd.	The PRC 30 August 2011	RMB250,000,000	-	-	100%	100%	Real estate development	Limited liability company
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2013	RMB100,000,000	-	-	80%	80%	Real estate development	Limited liability company
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd.	The PRC 30 December 2015	RMB204,090,000	-	-	51%	51%	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd.	The PRC 4 May 2009	RMB60,000,000	-	-	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB2,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB2,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB125,000,000	-	-	100%	100%	Real estate development	Limited liability company
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd.	The PRC 30 December 2016	RMB400,000,000	-	-	51%	51%	Real estate development	Limited liability company
杭州碩欒投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd.	The PRC 25 January 2013	RMB100,000	-	-	100%	100%	Investment management	Limited liability company
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd.	The PRC 24 June 2013	RMB53,000,000	-	-	100%	100%	Investment management	Limited liability company
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB99,000,000	-	-	100%	100%	Real estate development	Limited liability company
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd.	The PRC 24 July 2017	RMB102,040,800	-	-	51%	51%	Real estate development	Limited liability company

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
常熟市綠宸房地產開發有限公司 Changshu Lvchen Real Estate Development Co., Ltd.	The PRC 7 May 2018	RMB1,800,000,000	-	-	70%	70%	Real estate development	Limited liability company
溫州綠城浙遠房地產開發有限公司 Wenzhou Greentown Zheyuan Real Estate Development Co., Ltd.	The PRC 17 May 2018	RMB1,090,000,000	-	-	100%	100%	Real estate development	Limited liability company
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	The PRC 3 September 2018	RMB3,000,000,000	-	-	80%	80%	Real estate development	Limited liability company
蘇州悅順房地產開發有限公司 Suzhou Yueshun	The PRC 24 May 2019	RMB2,500,000,000	-	-	75%	75%	Real estate development	Limited liability company
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineryard	The PRC 8 February 2010	RMB274,052,561	-	-	60%	60%	Real estate development	Limited liability company
重慶綠城致嘉房地產開發有限公司 Chongqing Greentown Zhijia Real Estate Development Co., Ltd.	The PRC 9 January 2019	RMB750,000,000	-	-	100%	100%	Real estate development	Limited liability company
杭州綠城浙帆置業有限公司 Hangzhou Greentown Zhefan Real Estate Co., Ltd.	The PRC 21 August 2019	RMB470,000,000	-	-	100%	100%	Real estate development	Limited liability company

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
寧波綠城智翔置業有限公司 Ningbo Greentown Zhixiang Real Estate Co., Ltd.	The PRC 10 July 2020	RMB1,500,000,000	-	-	51% (note x)	- Real estate development	Limited liability company	
煙臺綠晟置業有限公司 Yantai Lvsheng Real Estate Co., Ltd.	The PRC 25 August 2020	RMB1,552,600,000	-	-	100% (note x)	- Real estate development	Limited liability company	
北京青茂置業有限公司 Beijing Qingmao Real Estate Co., Ltd.	The PRC 17 February 2020	RMB1,200,000,000	-	-	40% (note ii and x)	- Real estate development	Limited liability company	
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd.	The PRC 23 January 2013	RMB380,000,000	-	-	N/A (note xi)	60% Real estate development	Limited liability company	
杭州綠城海企實業有限公司 Hangzhou Greentown Haiqi Industrial Co., Ltd.	The PRC 23 November 2007	RMB192,000,000	-	-	- (note xii)	100% Real estate development	Limited liability company	
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 February 2014	USD2,000,000	-	-	- (note xiii)	50% Real estate development (note ii)	Wholly foreign-owned enterprise	

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Notes:

- (i) In 2020, the Group disposed of its 26.83% equity interest in Greentown Management. Details are set out in note 48(iii)(c). Greentown Real Estate Construction Management Group and Greentown Construction Management Group Co., Ltd. are the subsidiaries of Greentown Management, therefore were also disposed of 26.83% equity interest by the group.
- (ii) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.
- (iii) Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. Hence the Group has the power over Ji'nan Dongchuang and has the ability to use its power to affect its returns. Therefore, Ji'nan Dongchuang is accounted for as a subsidiary of the Group.
- (iv) In January 2020, the Group acquired additional 20% equity interest in Beijing Sunshine Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (v) In June 2020, the Group acquired additional 8% equity interest in Xinjiang Junfa Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (vi) In July 2020, the Group acquired 6% equity interest in Xi'an Xinhongye Investment Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (vii) In September 2020, the Group acquired 5% equity interest in Hangzhou Xixi Villa Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (viii) In October 2020, the Group acquired 24% equity interest in Hangzhou Yinjia Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (ix) In November 2020, the Group acquired additional 10% equity interest in Zhoushan Putuo Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).
- (x) These companies were newly established in 2020.
- (xi) The Group disposed of its 59% equity interests in Chengdu Zhezongda in 2020. Details are set out in note 38.
- (xii) The Group disposed of its 100% equity interests in Greentown Haiqi in 2020. Details are set out in note 38.
- (xiii) These company were liquidated in 2020.

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

Board	The Board of Directors of the Company
CCCC	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively (stock code: 01800/601800)
CCCG	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company
Company/Greentown/ Greentown China	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Directors	The directors of the Company
GFA	Gross floor area
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Greentown Management	Greentown Management Holdings Company Limited (綠城管理控股有限公司), a corporation incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 09979), and a non-wholly owned subsidiary of the Company
Greentown Real Estate	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

Definition

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Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016
Shares	The shares of the Company
Sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Xinhu Zhongbao	Xinhu Zhongbao Co., Ltd. (新湖中寶股份有限公司), a company established in the PRC with limited liability, being a company listed on Shanghai Stock Exchange (Stock Code: 600208)
Year	The year ended 31 December 2020

* For identification purposes only



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