



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

Stock Code: 2868

Enjoying **New Life**
創享美好新生活



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CORPORATE INFORMATION

DIRECTORS

Non-Executive Director

Mr. Li Songping (*Chairman*)

Executive Directors

Mr. Zhong Beichen (*President*)

Mr. Huang Ziquan

Mr. Hu Weimin

Mr. Fan Shubin

Non-Executive Director

Ms. Sun Baojie

Independent Non-Executive Directors

Mr. Li Wang

Mr. Wong Yik Chung, John

Mr. Liu Xin

AUDIT COMMITTEE

Mr. Wong Yik Chung, John (*Chairman*)

Mr. Li Wang

Mr. Liu Xin

REMUNERATION COMMITTEE

Mr. Liu Xin (*Chairman*)

Mr. Li Songping

Mr. Wong Yik Chung, John

NOMINATION COMMITTEE

Mr. Liu Xin (*Chairman*)

Mr. Li Songping

Mr. Wong Yik Chung, John

STRATEGIC COMMITTEE

Mr. Li Songping (*Chairman*)

Mr. Zhong Beichen

Mr. Liu Xin

SUPERVISORS

Mr. Deng Wenbin

Ms. Tang Yanan

Mr. Jiang Hebin

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Qin Yi

COMPANY SECRETARY

Mr. Lee Sze Wai

AUTHORISED REPRESENTATIVES

Mr. Zhong Beichen

Mr. Lee Sze Wai

REGISTERED OFFICE

Room 3071, 3/F Office, Block 4,
No. 13 Kaifang East Road, Huairou District,
Beijing, PRC

BEIJING HEADQUARTERS

Block A, Fucheng Building
No. 98, Beilishi Road, Xicheng District
Beijing, PRC

HONG KONG OFFICE

Suites 4602-05,
One Exchange Square, Central, Hong Kong

WEBSITE

<http://www.bjcapitalland.com>

AUDITORS

PricewaterhouseCoopers Zhong Tian LLP

LEGAL ADVISERS

As to Hong Kong law:
Norton Rose Hong Kong

As to PRC law:
JunZeJun Law Office

PRINCIPAL BANKERS

Bank of China
China Construction Bank
Agricultural Bank of China
Bank of Jiangsu
Industrial Bank
China Merchants Bank
Bank of Hangzhou
Bank of Beijing
Bank of Shanghai
Hua Xia Bank

LISTING INFORMATION

STOCK CODE FOR H SHARE

Hong Kong Stock Exchange	2868
Reuters	2868.HK
Bloomberg	2868HK

BOARD LOT SIZE

H Share	2,000
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H SHARE REGISTRAR

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

Telephone: (852) 2862 8628
Fax: (852) 2529 6087

LISTED BOND INFORMATION

Hong Kong Stock Exchange

	Security Code
USD500,000,000 5.75% subordinated guaranteed perpetual securities	40062
USD450,000,000 3.85% guaranteed notes due 2025	40113
USD200,000,000 4.5% 363-day guaranteed notes	40345

Singapore Stock Exchange

USD500,000,000 4.65% guaranteed bonds due 2026

Shanghai Stock Exchange

	Security Code
RMB640,000,000 4.50% corporate bonds by private placement due 2021	135384
RMB750,000,000 4.40% corporate bonds by private placement due 2021	135522
RMB380,000,000 4.10% corporate bonds by private placement due 2021	135637
RMB200,000,000 2.95% corporate bonds by private placement due 2021	150278
RMB2,000,000,000 5.84% corporate bonds by private placement due 2023	150279
RMB81,000,000 3.10% corporate bonds by private placement due 2021	150540
RMB500,000,000 5.94% corporate bonds by private placement due 2023	150541
RMB2,500,000,000 4.89% corporate bonds by public offering due 2023	143812
RMB1,500,000,000 4.16% corporate bonds by public offering due 2021	155071
RMB1,000,000,000 4.50% corporate bonds by public offering due 2023	155072
RMB1,500,000,000 4.30% corporate bonds by public offering due 2022	151402
RMB1,000,000,000 4.58% corporate bonds by private placement due 2024	151403
RMB3,460,000,000 4.37% corporate bonds by private placement due 2024	151587
RMB2,130,000,000 4.26% corporate bonds by private placement due 2024	151812
RMB790,000,000 3.65% corporate bonds by private placement due 2025	166433
RMB3,000,000,000 3.60% corporate bonds by private placement due 2025	166835
RMB1,419,000,000 3.85% corporate bonds by private placement due 2025	167168
RMB2,000,000,000 4.00% corporate bonds by public offering due 2026	175820
RMB2,430,000,000 3.97% corporate bonds by public offering due 2026	175907

LISTING INFORMATION

INVESTOR RELATIONS CONTACT

Email address: ir@bjcapitalland.com.cn

H SHARE INFORMATION

	Year 2020			Year 2019		
	Price High (HK\$)	Price Low (HK\$)	Total Trading Volume (No. of Shares)	Price High (HK\$)	Price Low (HK\$)	Total Trading Volume (No. of Shares)
First Quarter	2.56	1.38	554,014,020	3.37	2.49	359,724,683
Second Quarter	1.79	1.37	220,456,590	3.04	2.16	324,129,610
Third Quarter	1.71	1.30	168,503,520	2.73	2.19	125,902,575
Fourth Quarter	1.48	1.28	103,972,710	2.55	2.16	249,191,246

Closing share price as at 31 December 2016: HK\$2.91.

Closing share price as at 29 December 2017: HK\$4.06.

Closing share price as at 31 December 2018: HK\$2.81.

Closing share price as at 31 December 2019: HK\$2.19.

Closing share price as at 31 December 2020: HK\$1.31.

FINANCIAL HIGHLIGHTS

FIVE YEAR FINANCIAL SUMMARY NOTE 1

(in RMB'000 unless otherwise stated)

Year ended 31 December	2020	2019	2018	2017	2016 (Restated)
Revenue	21,247,858	20,786,255	23,257,053	21,292,040	20,349,404
Total profit	1,819,053	3,570,224	3,159,963	3,839,317	3,938,468
Income tax expenses	(546,947)	(1,001,362)	(742,874)	(1,042,520)	(1,074,474)
Net profit	1,272,106	2,568,862	2,417,089	2,796,797	2,863,994
Attributable to:					
Equity holders of the Company	981,825	2,122,572	1,922,932	2,112,580	2,017,558
Non-controlling interests	290,281	446,290	494,157	684,217	846,436
	1,272,106	2,568,862	2,417,089	2,796,797	2,863,994
As at 31 December	2020	2019	2018	2017	2016 (Restated)
Total assets	210,549,900	185,269,318	169,716,823	141,421,169	119,459,640
Total liabilities	163,219,964	143,228,212	131,516,141	109,489,636	91,908,938
Net assets	47,329,936	42,041,106	38,200,682	31,931,533	27,550,702

Note:

1. The table summarises the results, assets and liabilities of the Group.
2. The figures presented are prepared in accordance with Accounting Standards for Business Enterprises or CAS of PRC.
3. The Group completed the transactions of business combination involving enterprises under common control in 2017, and the financial information of the Group for the year ended 31 December 2016 was restated accordingly, therefore, the published results and the statement of assets and liabilities may not comparable.



Xinjiang

Tibet

PROPERTY PORTFOLIO



PROPERTY PORTFOLIO

INVESTMENT PROPERTIES

Project	Project Name	Location	Type	Attributable	Site Area of Land (sq.m.)	Total GFA	Total Above
				Interest to BCL		of Land Bank (sq.m.)	of Land Bank (sq.m.)
1	Fangshan Capital Outlets	Fangshan District, Beijing	Commercial	70.16%	90,766	196,490	196,490
2	Wangning Capital Outlets	Liji Town, Wanning, Hainan Province	Commercial	100%	199,807	103,200	103,200
3	Huzhou Capital Outlets	Taihu Lake Resort, Huzhou, Zhejiang Province	Commercial	70.16%	214,317	97,540	97,540
4	Kunshan Capital Outlets	East New Town, Kunshan, Jiangsu Province	Commercial	70.16%	93,026	100,530	100,530
5	Nanchang Capital Outlets	Nanchang, Jiangxi Province	Commercial		86,987	158,070	158,070
	Site A			70.16%	56,833	129,700	129,700
	Site B			28.06%	30,153	28,370	28,370
6	Hangzhou Capital Outlets	Fuyang District, Hangzhou, Zhejiang Province	Commercial	70.16%	101,691	112,280	112,280
7	Wuhan Capital Outlets	East Lake New Town, Wuhan, Hubei Province	Commercial	69.46%	89,757	107,560	107,560
8	Xi'an Capital Outlets	Xi'an Hi-Tech Industrial Development Zone, Xi'an, Shanxi Province	Commercial	70.16%	81,301	118,840	118,840
9	Zhengzhou Capital Outlets	Zhengzhou, Henan Province	Commercial	70.16%	80,790	96,580	96,580
10	Jinan Capital Outlets	Tangye New Town, Licheng District, Jinan, Shandong Province	Commercial	70.16%	114,929	121,520	121,520
11	Hefei Capital Outlets	Binhu New Area, Hefei, Anhui Province	Commercial	70.16%	87,913	96,270	96,270
12	Chongqing Capital Outlets	Lujiao New Town, Banan District, Chongqing	Commercial	70.16%	74,349	110,560	110,560
13	Kunming Capital Outlets	Wuhua District, Kunming, Yunnan Province	Commercial	59.64%	67,920	136,040	136,040
14	Qingdao Capital Outlets	Qingdao High-tech Zone, Shandong Province	Commercial	70.16%	93,972	97,600	97,600
15	Nanjing Capital Outlets	Xingning District, Nanning, Guangxi Zhuang, Autonomous Region	Commercial	70.16%	101,974	145,590	145,590
16	Xiamen Capital Outlets	Xiang An District, Xiamen, Fujian Province	Commercial	70.16%	55,657	124,870	124,870
17	Beijing Haidian Yongfeng Industrial Base Project Site B2	IC-Park Haidian District, Beijing	Office/Apartment	50%	59,750	86,820	63,141
18	Capital Group Plaza	Capital Group Plaza Dongcheng District, Beijing	Office/Commercial	100%	7,069	48,431	35,867

DEVELOPMENT PROPERTIES

Project	Project Name	Location	Type	Attributable Interest to BCL	Site Area of Land (sq.m.)	Total Above Ground GFA		
						of Land Bank (sq.m.)	of Land Bank (sq.m.)	
19	Beijing Hujialou Project	Xanadu	Chaoyang District, Beijing	Residential/Commercial	100%	34,163	46,954	35,483
20	Beijing Haidian Yongfeng Industrial Base Project Site F1	Capital of Western Village	Haidian District, Beijing	Residential/Apartment/Commercial/Office	100%	65,219	30,560	7,015
21	Beijing Haidian Yongfeng Industrial Base Project Site B2	IC-Park	Haidian District, Beijing	Office/Commercial	50%	59,750	15,082	15,082
22	Lize Financial Business District Project		Fengtai District, Beijing	Office/Apartment		26,352	19,673	11,196
	Lize Site F02				50%	15,963	6,960	-
	Lize Site F05	Tian Yue Mansion			100%	10,389	12,713	11,196
23	Beijing Lize Financial Business District Project D0708		Fengtai District, Beijing	Apartment/Commercial/Office	20%	23,799	162,388	117,341
24	Beijing Fengtai Qinglong Lake Project		Fengtai District, Beijing	Residential/Commercial/Office	5%	230,356	111,990	111,954
25	Beijing Dawayao Project		Fengtai District, Beijing	Residential	100%	44,670	92,267	77,291
26	Beijing Chaoyang Sunhe Xidian Village Project	Xi Rui Chun Qiu	Chaoyang District, Beijing	Residential	50%	90,394	34,987	20,859
27	Beijing Chaoyang Sunhe Beidian West Village Project	Tian Rui Chen Zhang	Chaoyang District, Beijing	Residential	20%	53,526	19,641	847
28	Beijing Chaoyang Tuofangying Project	One Liang Ma	Chaoyang District, Beijing	Residential/Commercial	10%	61,023	58,690	32,972
29	Beijing Zhaoquanying Site F1-01 Project	Passion World	Shunyi District, Beijing	Apartment/Commercial	100%	27,121	3,865	3,865
30	Beijing Zhaoquanying Site No. 4 Project	Enjoyable Trees	Shunyi District, Beijing	Residential/Apartment	100%	104,345	92,273	59,525
31	Beijing Zhaoquanying Site No. 2 Project	Enjoyable Bay	Shunyi District, Beijing	Residential/Apartment/Commercial	100%	114,154	97,385	66,872
32	Beijing Shunyi No. 17 Project	Xanadu Mountain	Shunyi District, Beijing	Residential/Apartment	100%	85,056	16,338	7,054
33	Beijing Zhaoquanying Site F2-01 Project		Shunyi District, Beijing	Apartment/Commercial	100%	17,277	43,191	34,507
34	Beijing Shunyi New Town Block No. 26 Project	Capital Park #26	Shunyi District, Beijing	Residential/Commercial	12.5%	88,702	3,479	3,479
35	Beijing Miyun Yunfeng Villa Project	Beijing Landscape Villa	Miyun District, Beijing	Residential	100%	334,855	52,468	41,445
36	Beijing Miyun New Town Project	The Happiness	Miyun District, Beijing	Residential/Commercial	100%	56,254	32,841	11,330
37	Beijing Miyun New Town Block No. 0102 Project	Lang Garden	Miyun District, Beijing	Residential/Commercial	24%	13,868	3,958	-
38	Beijing Miyun Tanying Town Project	Yue Xin Hui	Miyun District, Beijing	Residential/Commercial	100%	60,999	81,864	41,924
39	Beijing Pinggu Changchunyuan Project	Glory Mansion	Pinggu District, Beijing	Residential/Commercial	25%	220,878	75,098	42,167
40	Beijing Pinggu Jinhai Lake Hanzhuang Village B1 Project		Pinggu District, Beijing	Apartment/Commercial/Office	100%	176,100	188,727	150,218

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable Interest to BCL	Site Area of Land (sq.m.)	Total Above Ground GFA	
						of Land Bank (sq.m.)	of Land Bank (sq.m.)
41	Beijing Pinggu Jinhai Lake Hanzhuang Village 6014 Project	Pinggu District, Beijing	Residential	33%	58,643	110,220	90,394
42	Beijing Pinggu Jinhai Lake Hanzhuang Village 6019 Project	Pinggu District, Beijing	Residential/Commercial	49%	133,408	200,580	144,983
43	Beijing Pinggu Jinhai Lake World Leisure Congress Project	Pinggu District, Beijing	Commercial	49%	48,800	65,680	37,565
44	Beijing Fangshan Higher Education Park Project	Nobles Mansion Fangshan District, Beijing	Residential/Apartment/Commercial	100%	56,138	35,140	17,146
45	Beijing Huang Xin Zhuang Project	Ealing Fangshan District, Beijing	Residential	95%	114,166	88,291	56,397
46	Beijing Fangshan Liangxiang Project	The Great City Fangshan District, Beijing	Residential/Commercial/Office	11.1%	53,579	62,273	53,618
47	Beijing Daxing Sun Village Project	Enjoyable City Daxing District, Beijing	Residential/Apartment/Commercial	100%	61,512	37,969	36,270
48	Beijing Daxing Huang Village Project	Daxing District, Beijing	Apartment/Commercial	100%	84,213	154,205	108,900
49	Beijing Daxing Yinghai Site	Grand Harmony Emerald Residence Daxing District, Beijing	Residential/Commercial	30%	75,065	100,391	76,031
50	Beijing Daxing Yizhuang Site	Sino Ocean Daxing District, Beijing	Residential/Commercial/Office	50%	76,286	152,068	97,653
51	Beijing Shijingshan Xihuang Village Project	Wisdom Mansion Shi Jingshan District, Beijing	Residential	49%	48,464	53,042	34,041
52	Shijingshan Xihuang Village Project Phase II	Shi Jingshan District, Beijing	Residential/Commercial/Office	57%	38,379	88,957	62,499
53	Tianjin Shuangang No. 121 Project	Fortune Class Jinnan District, Tianjin	Residential/Apartment/Commercial/Office	55%	255,038	33,222	28,966
54	Tianjin Huaming Project	Noble City Dongli District, Tianjin	Residential/Apartment/Commercial	40%	271,830	69,953	69,953
55	Tianjin Xiqing Project	Landing House Xiqing District, Tianjin	Residential/Office	40%	151,596	17,100	17,100
56	Tianjin Hongni River Project	Tianjin Capital City Jinnan District, Tianjin	Residential/Commercial	100%	257,093	18,838	18,838
57	Tianjin MTR Project	Tian Yue River Hebei District, Tianjin	Residential/Apartment/Commercial/Office	100%	66,888	209,213	141,418
58	Tianjin Beiyunhe Project	Grand Canal Milestone Hebei District, Tianjin	Residential/Apartment/Commercial	100%	62,817	149,937	74,504
59	Tianjin Zhongshan Road Project	Metropolis Hebei District, Tianjin	Residential/Commercial/Office	100%	22,455	96,182	69,467
60	Tianjin Xinzhuang No. 3 Project	Jinnan District, Tianjin	Residential/Commercial	100%	86,088	145,053	143,271
61	Tianjin Xinzhuang No. 5 Project	Poetic Life Jinnan District, Tianjin	Residential	20%	82,164	1,752	1,425
62	Tianjin Hongxianli Project	North Shore Center Hongqiao District, Tianjin	Residential/Commercial/Office	25%	106,920	68,307	62,656
63	Tianjin Youzhichang Project	Xanadu Garden Hongqiao District, Tianjin	Residential/Commercial	100%	38,704	40,828	40,828
64	Tianjin Xiqing Zhongbei Town Project	Xanadu Capital Xiqing District, Tianjin	Residential	50%	41,175	65,816	55,246

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable	Site Area of Land (sq.m.)	Total GFA	Total Above	
				Interest to BCL		of Land Bank	Ground GFA of Land Bank	
65	Tianjin Beichen Liuyuan No. 1 Site	Oriental Mansion	Beichen District, Tianjin	Residential	24.7%	129,903	241,133	160,496
66	Tianjin Beichen Liuyuan No. 2 Site	188 Long Chau Road	Beichen District, Tianjin	Residential	17.5%	98,263	119,621	71,446
67	Tianjin Binhai New District Ninghe Project		Binhai New District, Tianjin	Residential	100%	173,988	226,068	223,619
68	Tianjin Wuqing Project		Wuqing District, Tianjin	Residential/Commercial/ Office		1,783,033	708,103	708,103
	Site 08-02	International Peninsula			100%	171,418	20,055	20,055
	Site 01-05	International Peninsula			100%	193,496	15,680	15,680
	Site 03-02	International Peninsula			100%	174,948	15,979	15,979
	Site 04-02	International Peninsula			100%	187,396	46,664	46,664
	Site 07-02	International Peninsula			100%	49,871	5,171	5,171
	Site 06-09	International Peninsula			100%	401,601	8,852	8,852
	Site 07-08	International Peninsula			100%	24,584	9,349	9,349
	Jingzhu Square	Jingzhu Square			100%	18,103	18,101	18,101
	Site 03-06/03-07	Xi Rui Shu			50%	164,005	166,853	166,853
	Site 01-01	Xi Rui Kun Ting			50%	132,169	170,523	170,523
	Site 06-02	Xi Rui Li			50%	92,906	67,981	67,981
	Site 02-02				50%	145,341	133,015	133,015
	Site 04-10				100%	27,195	29,880	29,880
69	Shanghai Qingpu Yingpu Lane Project	The Happiness	Qingpu District, Shanghai	Residential/Commercial	100%	204,781	210,429	106,823
70	Shanghai Yangpu Pingliang Project	Capital of Vision	Yangpu District, Shanghai	Residential/Commercial/ Office	100%	32,360	8,997	2,960
71	Shanghai Zhoupu Project	Supremacy	Pudong New Area, Shanghai	Residential	51%	69,433	90,919	34,892
72	Shanghai Xinchang Project	Xana Shine	Pudong New Area, Shanghai	Residential	50%	56,887	80,653	30,950
73	Shanghai Minhang Huacao Town Site 08-05		Minhang District, Shanghai	Residential	100%	18,049	18,824	6,056
74	Shanghai Minhang Huacao Town Site 09-04		Minhang District, Shanghai	Residential	100%	16,902	25,369	13,674
75	Hangzhou Yuhang Project	Xanadu	Yuhang District, Hangzhou, Zhejiang Province	Residential/Commercial	100%	85,897	80,210	62,930
76	Hangzhou Yuhe New City Project		Gongshu District, Hangzhou, Zhejiang Province	Residential/Commercial	36%	40,488	9,840	1,995
77	Ningbo Ninghai New Town Project		Ninghai New Town, Ningbo, Zhejiang Province	Residential/Commercial	55%	48,361	12,198	9,646
78	Tongxiang Wuzhen Project		Tongxiang, Jiaxing, Zhejiang Province	Residential/Commercial	40%	152,327	139,702	132,818
79	Huzhou Taihu Project	Huzhou Integrated Outlets Projects	Taihu Lake Resort, Huzhou, Zhejiang Province	Residential/Commercial	100%	145,153	56,668	49,196
80	Suzhou Qingjian Lake Project		Suzhou Industrial Park, Jiangsu Province	Residential	3.06%	71,841	53,145	24,638

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable	Site Area of Land (sq.m.)	Total GFA	Total Above	
				Interest to BCL		of Land Bank	Ground GFA of Land Bank	
81	Kunshan Capital Outlets Project	Kunshan Integrated Outlets Project	East New Town, Kunshan, Jiangsu Province	Residential/Apartment/Commercial	100%	354,912	145,893	106,437
82	Kunshan Zhangpu Project		Zhangpuzhen District, Kunshan, Jiangsu Province	Residential	100%	68,114	196,130	152,578
83	Wuxi Dongting Town Project	Wuxi Gentle House	Xishan District, Wuxi, Jiangsu Province	Residential/Commercial	100%	162,911	14,392	13,233
84	Wuxi Airport Road Project	Wuxi Joyous House	Wuxi New District, Jiangsu Province	Residential/Commercial	100%	96,598	2,163	335
85	Jiangyin Yuyue Project	Jiangyin Auspicious House	Yushan Bay, Jiangyin, Jiangsu Province	Residential/Commercial	100%	78,258	1,882	1,411
86	Jiangyin Yushan Bay Dong Lu Project (江陰敍山灣東麓項目)		Yushan Bay, Jiangyin, Jiangsu Province	Residential/Commercial	80%	90,491	251,574	218,422
87	Zhenjiang National University Science Park Project	Joyous House	Zhenjiang Technology Development Zone, Jiangsu Province	Residential/Commercial	100%	111,364	11,599	3,211
88	Nanjing Fintech Industrial Park Project		Jianye District, Nanjing, Jiangsu	Apartment/Commercial/Office	75%	59,352	189,831	140,722
89	Shenzhen Longhua Project	Capital Longhua Centre	Longhua District, Shenzhen	Apartment/Commercial/Office	100%	9,519	10,418	10,418
90	Guangzhou Zengcheng Shiwei Road Project		Zengcheng District, Guangdong, Guangzhou	Residential/Commercial	51%	40,778	69,762	68,996
91	Guangzhou Zengcheng Licheng Street Project		Zengcheng District, Guangdong, Guangzhou	Residential/Commercial	20%	85,336	256,379	176,819
92	Foshan Shishan Town Project	Foshan Xi Yue Tai	Nanhai District, Foshan, Guangdong	Residential/Commercial	100%	25,001	44,297	30,749
93	Foshan Shishan Town Xingye Road East Project	Xi Rui Hua Fu	Nanhai District, Foshan, Guangdong	Residential/Commercial	100%	74,600	118,741	69,851
94	Dongguan Wangniudun Project		Dongguan, Guangdong	Residential/Commercial	100%	38,796	62,853	39,468
95	Wuhan Jingkai Project	Jiu Pai Jiang Shan (九派江山)	Wuhan Economic & Technological Development Zone, Hubei	Residential/Commercial/Office	49.4%	667,900	1,926,851	1,559,959
96	Wuhan Jingkai No. 33 Site	Golden Mansion (潘金府)	Wuhan Economic & Technological Development Zone, Hubei	Residential/Apartment/Commercial	49.4%	122,987	335,265	277,670
97	Zhengzhou North Pingyuan Demonstration Zone Project		Pingyuan Demonstration zone, Xinxiang, Henan	Residential	40%	550,342	1,027,880	827,064
98	Zhengzhou North Pingyuan Demonstration Zone Project (Industrial)		Pingyuan Demonstration zone, Xinxiang, Henan	Commercial/Amusement park	40%	201,797	70,714	69,010
99	Xiamen Xiang'an New City J05 Project	Xi Rui Chic (禧瑞風華)	Xiangan District, Xiamen, Fujian	Residential/Commercial	65%	16,786	36,050	20,833

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable	Site Area of Land (sq.m.)	Total GFA	Total Above	
				Interest to BCL		of Land Bank	Ground GFA of Land Bank	
100	Xiamen Xiang'an New City H19 Project	Xi Rui Chic (禧瑞風華) Fujian	Xiangan District, Xiamen, Fujian	Residential/Commercial	100%	12,320	25,298	12,351
101	Xiamen Xiang'an New City H24 Project	Xi Rui Chic (禧瑞風華) Fujian	Xiangan District, Xiamen, Fujian	Residential/Commercial	100%	18,723	54,385	37,507
102	Kunming Panlong Zhongba Project	Xi Yue Chun Cheng (禧悅春城) Yunnan	Panlong District, Kunming, Yunnan	Residential/Commercial	100%	58,687	225,367	154,697
103	Kunming Wujiaba No.5 Site	Future City (未來之城) Yunnan	Guandu District, Kunming, Yunnan	Residential/Commercial	49.85%	51,714	264,478	198,445
104	Kunming Dianzhong Changshui Airport A1 Project	Yu Hua Zhou (譽華洲)	Dianzhong New Area, Kunming, Yunnan	Residential/Apartment/ Commercial	49%	508,322	1,538,930	1,172,324
105	Chongqing Hongensi Project	Hong'en International Living District	Jiangbei District, Chongqing	Residential/Commercial	100%	229,314	53,574	357
106	Chongqing Xiyong Project	Chongqing Eco Village	Shapingba District, Chongqing	Residential/Apartment/ Commercial	96.39%	146,394	113,818	22,962
107	Chongqing Jialingchang Project	Chongqing Capital City	Shapingba District, Chongqing	Residential/Commercial	50.9%	218,303	315,596	137,429
108	Chongqing High-tech Industrial Park Project		Shapingba District, Chongqing	Residential/Commercial/ Office	100%	164,738	335,299	233,903
109	Chongqing Dapingquan Project	Tian Yue Shi Dai	Yuzhong District, Chongqing	Residential/Apartment/ Commercial	33%	14,447	19,366	1,126
110	Chongqing Nan'an Tea Garden Project		Nan'an District, Chongqing	Residential/Commercial	100%	95,092	172,021	119,280
111	Chongqing Xipeng Project		Jiulongpo District, Chongqing	Residential/Commercial	30%	67,855	97,581	58,671
112	Chengdu Qinglongchang Project	Chengdu Eco Village	Chenghua District, Chengdu, Sichuan	Residential/Commercial	100%	87,312	75,168	30,187
113	Chengdu Huaxin Village Project	Galaxy No.1	Jinjiang District, Chengdu, Sichuan	Residential/Commercial	70.5%	95,663	56,949	15,283
114	Chengdu 68 Mailbox Project	Chengdu The Palace No. 68	Chenghua District, Chengdu, Sichuan	Residential/Commercial	100%	50,836	91,278	54,976
115	Chengdu Tianfu New Area Project	Xanadu Jinjiang	Tianfu New Area District, Chengdu, Sichuan	Residential/Commercial	100%	48,322	49,626	13,888
116	Chengdu Qingyang Project		Qingyang District, Chengdu, Sichuan	Residential	100%	49,437	93,788	70,339
117	Xi'an Feng-cheng Road Project	Xi'an First City	Xi'an Economic and Technology Development Zone, Shaanxi Province	Residential/Commercial/ Office	70.16%	355,909	335,408	219,728
118	Shenyang Shenyang Road Project	Shenyang First City	Hunnan New District, Shenyang, Liaoning Province	Residential/Apartment/ Commercial	30%	175,348	40,483	17,395

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable Interest to BCL	Site Area of Land (sq.m.)	Total Above Ground GFA		
						of Land Bank (sq.m.)	of Land Bank (sq.m.)	
119	Shenyang Shenzhong Street Project	Shenyang Eco Village	Hunnan New District, Shenyang, Liaoning Province	Residential/Commercial	100%	194,249	30,075	1,783
120	Shenyang Hupoda Bay Project	Xi Rui Chang He	Qi Pan Mountain District, Shenyang, Liaoning Province	Residential/Commercial	100%	231,666	14,955	14,955
121	Shenyang Tiexi District No.3 Project	Xi Yue Da Guan	Tiexi District, Shenyang, Liaoning Province	Residential/Commercial	100%	16,338	27,135	23,834
122	Shenyang Tiexi District No.4 Project	Xi Yue Da Jing	Tiexi District, Shenyang, Liaoning Province	Residential/Commercial	100%	16,479	38,154	34,020
123	Qingdao Chengyang Project	Airport International Centre	Chengyang District, Qingdao, Shandong Province	Commercial/Office	100%	92,455	31,584	31,584
124	Qingdao Park No. 1 Project	Qingdao Central Park No. 1	Chengyang District, Qingdao, Shandong Province	Residential/Apartment/Commercial	100%	81,016	595	595
125	Qingdao Jimo Project (青島即墨項目)		Jimo District, Qingdao, Shandong	Residential/Commercial/Office	100%	137,049	275,213	275,213
126	Qingdao Cang'an Road Project	Xi Yue Tian Hai	Licang District, Yantai, Shandong Province	Residential/Apartment/Commercial	100%	29,219	30,640	30,639
127	Hainan Wanning Project	Hainan Integrated Outlets Project	Liji Town, Wanning District, Hainan Province	Residential/Apartment/Commercial	100%	188,514	123,720	117,817
128	Nanchang Capital Outlets (for sale)	Nanchang Capital Outlets	Nanchang, Jiangxi Province	Commercial	28.06%	30,153	24,397	24,397
129	Jinan Capital Outlets (for sale)	Jinan Capital Outlets	Tangye New Town, Licheng District, Jinan, Shandong Province	Commercial	70.16%	114,929	2,154	2,154
130	Chongqing Capital Outlets (for sale)	Chongqing Capital Outlets	Lujiao New Town, Banan District, Chongqing	Commercial	70.16%	74,349	5,523	5,523
131	Nanning Capital Outlets (for sale)	Nanning Capital Outlets	Xingning District, Nanning, Guangxi Zhuang Autonomous Region	Commercial	70.16%	101,974	7,768	7,768
Total						16,832,405	13,022,699	

CORPORATE MILESTONES DURING THE YEAR

JANUARY 2020

In January, BCL successfully issued USD450 million of 5.5-year senior notes, with a coupon rate of 3.85%. The notes were granted a keepwell and liquidity support deed by Beijing Capital Group and received a BBB investment rating by Fitch. The notes were well received by over 100 international investors and were oversubscribed nearly 8 times. The final pricing was 40 basis points lower than the initial pricing guidance.

In January, BCL acquired the Pingyuan Demonstration Zone Project in Xinxiang, a city to the north of Zhengzhou in Henan Province. With a planned GFA of 1,521,000 sq.m., the project is located at the center of the greater Zhengzhou metropolitan area. It has access to a great transportation network as it is located near a number of main roads, allowing fast access to Zhengdong New District and Zhengzhou East Railway Station. The project also has access to well-established amenities nearby, including education, healthcare and commercial services. The project is expected to become a large community integrating residential housing with the nearby Yuanwu Ancient Town and many other famous cultural sites.

FEBRUARY 2020

In February, BCL acquired the Xihuangcun subway superstructure project in Shijingshan District, Beijing. With a planned GFA of 203,000 sq.m., the project is situated above a metro station in the Pingguoyuan area of Shijingshan District, Beijing. It has access to a great transportation network as it is adjacent to the West 5th Ring Road and the Pingguoyuan Transport Hub, allowing fast access to the city center. There are also well-established amenities nearby, including education, healthcare, and commercial services, along with beautiful views in the distance. The integrated project combines residential, commercial and office buildings.

APRIL 2020

In April, Beijing Capital Park, a high-tech industrial property management company under BCL, acquired the Xiyong Project in Shapingba District, Chongqing. With a planned GFA of 400,000 sq.m., the project is a part of the Western China (Chongqing) Science City, which is home to many IT companies. The project is adjacent to a number of main roads, including the Yusui Expressway and other urban highways, and it has easy access to a great transportation network. Beijing Capital Park aims to duplicate its success of the Beijing IC PARK project. By focusing on integrating resources for the high-tech industry in Chongqing, it is expected to become a new science and innovation center that combines residential, office and commercial buildings.

CORPORATE MILESTONES DURING THE YEAR

MAY 2020

In May, BCL successfully issued RMB3 billion of 3+2-year private corporate bonds, with a coupon rate of 3.60%, which was a record low coupon rate for domestic AAA-grade private corporate bonds with the same maturity in the property industry. Despite the complicated and volatile market conditions, BCL leveraged its solid financial performance and stable business operation to successfully issue bonds at a low cost, which once again demonstrates the Company's strong recognition in the capital markets.

In May, Beijing Capital Park, a high-tech industrial property service platform under BCL, acquired the Hexi Project in Jianye District, Nanjing, Jiangsu Province. With a planned GFA of 327,000 sq.m., the project is situated in the center of the central business district of Jianye. The project has strong connections to the internet industry as it is adjacent to Alibaba's Jiangsu headquarters and Xiaomi's East China headquarters. Transportation nearby includes easy access to well-established road and rail networks. The 58.com Group, a leading player in the internet industry, has become an anchor tenant and will base its East China headquarters at the project. The Company aims to create an integrated center for the digital economy that consists of office, commercial and residential buildings.

JULY 2020

In July, BCL acquired the Dawayao Project in Fengtai District, Beijing. With a planned GFA of 166,000 sq.m., the project is located within the overlapping areas of the Lize Business District and Fengtai Technology Park. The project allows fast access to the city centre via the adjacent Metro Line No.14 and the Beijing-Hong Kong-Macao Expressway. Targeting customers looking to upgrade their living situation, the project is expected to become a new benchmark for mid-and high-end projects in the Fengtai area.

SEPTEMBER 2020

In September, BCL acquired the Dong Lu Project at Yushan Bay in Jiangyin, Jiangsu Province. With a planned GFA of 295,000 sq.m., the project is situated in an upscale residential eco-neighborhood featuring in Jiangyin and is adjacent to an expressway entrance and the Jiangyin Subway Station that is currently under construction. Nearby amenities include commercial, education, and healthcare services, along with beautiful surrounding landscaping. The project is positioned to meet the needs of first-time homebuyers and upgraders.

DECEMBER 2020

In December, BCL acquired the Tongxiang Wuzhen project via synergies with its business lines. The project has a total planned GFA of 277,000 sq.m. and is situated in the new town area of Wuzhen, which is part of Tongxiang. Close to the World Internet Conference venue and next to Wuzhen Avenue, the project offers easy and fast access to the city center. The project will be built into a high-end residential community and positioned as a high-rise, low-density resort estate.

In December, BCL's Kunming Capital Outlets project officially opened for business. The project is located in the Wuhua District of Kunming and has a total planned GFA of more than 130,000 sq.m.. Offering a mix of 400 premium domestic and international brands, the project is a large-scale multifunction outlet mall that integrates leisure, entertainment, and living amenities with destination shopping. On the opening day, the project attracted over 80,000 customers and sales hit close to RMB20 million.

CHAIRMAN'S STATEMENT



Li Songping | *Chairman*

On behalf of the Board of Directors (the “Board”, or the “Directors”) of Beijing Capital Land Ltd. (“BCL” or the “Company”; together with its subsidiaries, the “Group”), I am pleased to present the Group’s annual results for the year ended 31 December 2020.

In 2020, the COVID-19 pandemic posed unprecedented threats to the safety of human society and dealt a heavy blow to the global economy, plunging the world into a state of turmoil and upheaval with ever increasing instability and uncertainty. The global economy entered the worst recession since the Second World War, as international trade and investment plummeted, and global industry and supply chains were severely disrupted. Meanwhile, regional economies also faced grave challenges from unconventional threats as the global governance system and multilateral mechanisms came under increasing pressure amid the rise of anti-globalization, protectionism and unilateralism. Facing such multifaceted risks and challenges, China made coordinated efforts to prevent and control the spread of the pandemic, while steadily advancing the social and economic development of the nation. In addition, it continued to pursue high-quality growth by accelerating the establishment of new development models. China pulled ahead of major economies to achieve positive growth in the wake of the pandemic. In 2020, China’s GDP rose by 2.3% year-over-year, in line with the projected target of positive GDP growth for the period.

In the first quarter of 2020, the pandemic also sent shock waves through China’s real estate industry as property construction projects were suspended, sales centers were shut down and retail properties were closed for business. The situation did not improve until the second quarter. In the second half of the year, government policies for the property sector continued to tighten, as the central government repeatedly emphasized that China will not use regulatory and fiscal policy to support real estate investment as a short-term means to stimulate the economy. Financial regulations on the industry also intensified, as a pilot program setting “three red lines” (caps for debt-to-cash, debt-to-assets and debt-to-equity ratios) was established and enforced, and additional curbs were rolled out to further rein in the market, compounding challenges to the entire real estate market amid the pandemic.



Despite the active measures taken to mitigate the negative headwinds, the Group's performance still came under significant pressure. The pandemic caused delays in property development, slowed down primary development and dragged down outlet sales. Meanwhile, the control policies to curb property purchases and prices also slowed the pace of apartment sales in the core cities such as Tianjin, and cut into gross margins for certain projects, causing a decline in gross profit and net income compared with 2019. In addition, the Group's overseas property business was adversely impacted as a result of the pandemic and changing international relations. Rent reductions or waivers for tenants at outlets and other properties also weighed on the Group's revenue and net income. In the face of the severe macro-environment, the Group adhered to its core strategy of ensuring stable development while pursuing growth and agility, and took comprehensive measures to achieve prudent operations.

In 2020, rising to the challenges, the Group took proactive anti-virus measures and coordinated its planning efforts around business reopening. The Group topped the sales charts in multiple regional markets by employing an integrated online-offline marketing approach, consolidating different platforms to create synergies across projects and reinforcing the leading role of its proprietary sales platform. In addition, BCL accelerated cash collection through a performance-based compensation system, improved sell-through rates of existing projects and strengthened cash conversion from contracted sales. During the year, the Group recorded RMB70.86 billion in contracted sales at an average selling price of approximately RMB24,000 per sq.m..

During the period, based on the principle of fund security, the Group made coordinated efforts to control the pace of investments and implemented a prudent investment strategy by only investing in well-curated projects, and leveraging its business network and resources to dramatically lower the percentage of land acquired via tender-auction listing processes. Through a combination of strategic cooperation, M&A, and synergies between primary and secondary land development, the Group acquired 10 new projects at an average premium of just 2.6%, with a total investment of RMB18.99 billion and an aggregate GFA of 4.196 million sq.m.. Newly acquired projects include the Nanjing Fintech Industrial Park, the Chongqing High-tech Industrial Park and the Tongxiang Wuzhen Project in Zhejiang province, which had a total GFA of 1.004 million sq.m. and were acquired at their initial bidding prices via synergies across business lines.

In early 2020, the retail industry was also hit hard by the pandemic. Capital Grand, the commercial property arm of the Group, took swift measures to counter the outbreak. After the pandemic subsided, it organized the orderly resumption of project construction and business operations. In addition, Capital Grand remained committed to its corporate social responsibilities and supported retail tenants by offering rent reductions or waivers. Meanwhile, in response to shifting consumer behavior as pandemic precautions became the new normal, the Group employed an integrated online-offline marketing approach and accelerated digital transformation to minimize the negative impact of the virus on the outlets business. During the year, the Group launched the Kunming Outlets, bringing the number of outlets that are open for business to 13 out of the 17 projects that the Group currently owns. Annual turnover in 2020 was RMB7.4 billion and customer traffic was 38.10 million.

In 2020, the Group accelerated the incubation of innovative businesses to develop new profit drivers, and continued to acquire resources via synergies with its main businesses. During the period, with respect to the high-tech business, the Group leveraged the success of its benchmark IC Park Project in Beijing to secure prime resources and launch sister projects in Nanjing and Chongqing. In addition, the Group further expanded its tenant base to over 300 high-tech enterprises. With respect to its cultural and creative business, the Group deployed 10 cultural and creative industrial parks in four cities, acquired the Tongxiang Project via synergies with core operations, and officially launched the BOM HALL Project, a digital entertainment development within the Jinma Plaza, all as part of its efforts to showcase the integration of culture and technology. With respect to the rental housing business, the Group managed to achieve a high occupancy rate despite pandemic challenges. It acquired a new rental housing project on collectively-owned land in Youanmen, Fengtai District of Beijing, and officially launched the Shanghai Baoshan WEPARK Project, the first of its kind where the Group operates through management contracts, marking a breakthrough for BCL's asset-light business model.

In 2020, despite the increasing credit squeeze for property companies in the capital markets, the Group managed to secure sufficient financing reserves by proactively expanding its funding channels, and adopting diversified financing methods, including development loans, onshore and offshore bonds, asset securitization, and insurer investments. As of the end of the year, the weighted average cost of the Company's financing activities was 5.14%, once again among the lowest in the industry. During the period, the Group successfully issued 5.5-year offshore senior notes for an aggregate nominal amount of USD450 million at a coupon rate of 3.85% in a transaction that was nearly eight times oversubscribed. In addition, BCL issued 3-year domestic private corporate bonds for an aggregate nominal amount of RMB5.2 billion at a weighted average coupon rate of 3.68%.

Looking ahead to 2021, the pandemic is still spreading on a global scale, and the precautionary measures against the virus have become the new normal. Stringent regulation of the property industry is unlikely to be relaxed and the macro-environment remains grim. Against this challenging backdrop both at home and overseas, the Group will uphold the general principle of “strengthening its business foundation, pursuing progress while ensuring stable development”, by proactively optimizing its balance sheet and improving asset quality to reinforce its ongoing operations. The Group will accelerate the implementation of the “Panshi Plan”, a management reform program, and rebuild the management system in a bid to enhance the Group’s operating capabilities, and therefore boost overall business performance. The Group will also diligently boost sales, accelerate destocking, and comprehensively upgrade the “BCL Intelligently Made 2025” operating strategy to enhance core product competency. Furthermore, the Group will continue to reinforce cash collection by further tapping into the value of its inventory assets, and improving the quality of contracted sales. In adhering to a prudent investment strategy, the Group will acquire projects with a non-competitive and differentiated approach and invest in well-curated projects. While staying focused on the core businesses, the Group will also actively incubate innovative business lines that have synergies with and help to secure quality resources for the main operations. Furthermore, BCL will speed up the integration of its property management platform and asset-light business, and scale up the operations at an appropriate time via capital investment. Lastly, the Group will leverage its credit strength and financing advantages to further expand its premium funding channels and improve its ability to manage risks.

On behalf of the Board, I would like to sincerely express our gratitude to all of our shareholders, partners, and customers for your long-term and determined care, support, and help. BCL will continue to forge ahead, enhance its competitive advantages, and strive to become China’s most valuable integrated property developer.

Li Songping

Chairman

Hong Kong, 29 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the Group's revenue totaled RMB21,247,858,000, representing an increase of approximately 2% compared with the previous year. Operating profit decreased approximately 49% year-over-year to RMB1,801,173,000. Net profit attributable to owners of the Company totaled RMB981,825,000, representing a decrease of approximately 54% compared with the previous year. Basic earnings per share (EPS) totaled RMB0.01, compared with RMB0.43 in 2019. The Board resolved not to declare any final dividend in respect of the year ended 31 December 2020 (2019: RMB0.17 per share).

During the year, while adhering to the core strategy of ensuring stable development while pursuing progress and agility, the Group proactively adjusted to changes in the market environment, took full advantage of its strengths and comprehensively enhanced risk management and control to ensure stable and solid growth.

Improved quality of contracted sales and enhanced cash collection

- ✓ In 2020, the Group continued to pursue quality growth and placed additional emphasis on “quality” and “returns” when signing sales contracts. During the year, the Group made strenuous efforts to counter the negative impact of the pandemic and government control policies by effectively seizing a window of opportunity to promote sales. Projects in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and some single-core cities saw rapid sales after launch, leading the market with total contracted sales of RMB70.86 billion (including those from joint ventures and associated companies). In particular, self-operated projects posted RMB56.43 billion in contracted sales, accounted for nearly 80%.
- ✓ During the year, the Group took “ensuring sufficient cash balance and liquidity” as the current focus of its operational strategy and implemented a series of measures, such as dynamic monitoring and performance-pegged compensation, to accelerate cash collection. Despite constraints from ongoing anti-virus measures and tightening regulations, total cash collection from contracted sales was RMB29.46 billion on a consolidated basis, up 11.8% year-over-year.

Implemented differentiated strategies to acquire land and developed innovative businesses to reinforce core operations

- ✓ In 2020, the Group adhered to a prudent investment strategy by only investing in the high quality projects while ensuring secure funding. Through a combination of differentiated approaches, including synergies across business segments, strategic cooperation and M&A, the Group secured 10 new secondary land development projects, with a total investment of RMB18.99 billion and a total GFA of 4.196 million sq.m.. The average floor price for the projects was RMB6,126/sq.m., down by 9.5% year-over-year, while the average land premium was 2.6%, with 9 projects acquired at initial bidding prices.
- ✓ During the year, the Group accelerated the incubation of innovative businesses that helped to reinforce the core operations. Riding on the wave of rapid technology company growth in China and leveraging its service capabilities, BCL's high-tech segment helped the Group secure projects in Nanjing and Chongqing at low cost, with a total GFA of 726,000 sq.m., demonstrating early success in adding value to core operations. In addition, the Group acquired the Tongxiang Project with a total GFA of 277,000 sq.m. at the initial bidding price via synergies between its cultural

and creative industries business and the core operations. The rental housing business continued to expand its presence across China, newly acquired Beijing Youanmen Project in Fengtai District and was poised to add further synergies with the Group's main businesses.

Refined outlet operations and combated pandemic-related challenges

- ✓ In 2020, the pandemic delivered a heavy blow to the overall retail property market, causing temporary store shutdowns and disruptions of offline consumer activities. In response, the Group took swift and proactive measures to strengthen its internal management for virus prevention and ensured businesses could reopen in an orderly manner. Meanwhile, BCL actively fulfilled its social responsibility as a state-owned enterprise by offering tenants at its outlets and other projects rent reductions or waivers totaling nearly RMB100 million.
- ✓ During the year, the Group's outlets business took a number of steps to counter the negative impact of the pandemic and stabilize sales. Implementing a strategy of operational refinement, the Group worked to accelerate digital transformation and advance its unified marketing strategy by integrating online and offline resources and creating new sales buzz. Following these measures, the business recorded annual turnover of RMB7.4 billion and customer traffic was 38.1 million. In particular, during the eight-day Golden Week holiday in October 2020, BCL's 12 outlets had turnover of RMB800 million, and customer traffic was 2.3 million. The Wuhan outlets stepped up theme-based marketing and rolled out a number of promotional campaigns. Specifically, they launched a shopping festival named "Sleepless Shopping Nights (HIGH購不打烊)," which helped to push sales to a record high. The Kunming outlets project was launched on schedule and its grand opening attracted more than 80,000 customers who spent close to RMB20 million. As of the end of 2020, the Group had a total of 13 outlet projects in operation, ranking No. 1 in the industry in terms of both outlets deployed and outlets in operation.

Diversified funding channels and maintained financing costs at low levels

- ✓ During the year, despite the sustained credit tightening in the real estate industry, the Group leveraged its consistently sound credit profile and deep understanding of the market to successfully secure stable funding through diversified channels, including bond issuance, insurer investments, asset securitization and supply chain finance. In particular, the Group issued offshore senior notes for an aggregate nominal amount of USD450 million with a coupon rate of 3.85%; It also issued 3+2-year domestic private corporate bonds in three tranches for an aggregate nominal amount of RMB5.209 billion with a weighted average coupon rate of just 3.68%; and a 3-year private placement note in China's interbank market for an aggregate nominal amount of RMB1.5 billion with a coupon rate of 3.4%. As of the end of 2020, the weighted average cost of the Group's outstanding debt was 5.14%, firmly in the lower band of the industry.
- ✓ During the year, Prime Golden Capital, the financial arm of BCL, developed closely around the Group's main operations and effectively leveraged its advantages as a fund management and financing platform to forge strategic cooperation with leading financial institutions and top real estate firms in an effort to expand funding channels for the property industry, develop diversified investment models, and explore new ways to acquire resources. During the period, the platform added more than RMB10 billion to its assets under management.

Faced with pressure by overseas operations and continued to strengthen the risk control

- ✓ In 2020, the COVID-19 epidemic caused a significant impact on global economy, and the overseas property business were also greatly affected. The sales and construction schedule of the Australian property projects invested by the Company have been affected to varying extents, and the payment collection schedule of the projects is under pressure. During the year, the Company made every effort to strengthen the risk control of overseas investments, and combined efforts at home and abroad to promote the projects to return to normal operation and strive for the security of payment collection.

PROPERTY DEVELOPMENT

In 2020, the Group, together with its joint ventures and associated companies, completed the construction of projects with an aggregate GFA of approximately 1.87 million sq.m..

Project	Approximate Completed GFA (sq.m.)	Type	Attributable Interest (%)
Zhoupu West	221,623	Residential	51
Capital of Vision	80,092	Residential/Commercial	100
Xana Shine	39,618	Residential	50
Xi Rui Shan He	68,255	Residential	100
Tian Yue Jia Ling	220,154	Residential/Commercial	50.9
Tian Kong Yun Jing	53,507	Residential	33
Glory Mansion	124,948	Residential	25
China Chic	83,703	Residential	25.45
Zhongbei Town	27,831	Residential	50
Fortune Class	35,033	Commercial	55
Xijiangyue	80,711	Residential	30
Kunming Outlets	136,036	Commercial	59.64
Qingpu 53-04	103,476	Residential	100
Legendary Bay Project	67,084	Residential	100
Qingpu 20-04	15,042	Residential/Commercial	100
Xanadu Jinjiang	111,946	Residential/Commercial	100
Eco Village	199,319	Residential	100
Xi Rui Chun Qiu	87,346	Residential	50
Qingpu 24-01	89,703	Residential	100
Xanadu Villa	25,189	Residential	100
Total	1,870,616		

MAIN PROJECT EXHIBITION

Residential Project Development

Tianyue Series

Beijing • Tian Yue Shan He



The project is located at Dawayao Village in Fengtai District, an important area of future development in Beijing 11 km from the Palace Museum, 5 km from Beijing West Railway Station and 8 km from Beijing South Railway Station, the project enjoys a convenient location with tremendous potential for development.

The project aims to be a unique and exquisite trend setting development in the industry. Grand apartments and premium housekeeping services have been designed by the Group's in-house property management team. The project also features a sleek building façade and modern hip-roof portico. The design of the community landscape takes inspiration from the reclusive royal gardens of ancient China.

Total project GFA: approximately 166,000 sq.m.

Beijing • Capital of Western Village



Located in a prime area within the Zhongguancun Development Zone between the 5th and 6th Ring roads in Haidian District, Beijing, the project enjoys gorgeous views of a park to the west, landscaped green space, as well as the West Hills.

The project is a high-end residential community designed in an elegant modern style that aims to attract tech entrepreneurs from Zhongguancun. Featuring modern urban design, the buildings are situated along a central axis and create a beautiful skyline.

Total project GFA: approximately 291,000 sq.m.

Shanghai • Capital of Vision



Located in a prime living district near the Bund in eastern Yangpu district, near metro lines No. 4 and No. 12, and the Dalian Road Tunnel, the project is positioned as an integrated residential and commercial development. It includes a Grade A office building, along with high end apartments for first-time home buyers and those looking to upgrade their living. The project enjoys easy access to a broad range of ancillary services, including medical, education and business.

Total project GFA: approximately 119,000 sq.m.

Tianjin • Tian Yue Hai He



Located above a metro-station in the heart of Hebei District, Tianjin, where three rivers (Ziya, Beiyun and Xinkai) meet, the subway superstructure project enjoys a prime location next to the Tianjin Railway Station, the Tianjin West Railway Station, and multiple nearby subway lines and expressways. With a comprehensive mix of apartments, office buildings, commercial properties as well as ancillary living, education, healthcare and commercial facilities, the project truly showcases the “Tian Yue” lifestyle.

Total project GFA: approximately 416,000 sq.m.

Suzhou • Tian Yue Hu Bin



Located in the Qingjianhu Block of the Suzhou Industrial Park in the Gusu District of Suzhou, Jiangsu province, the project is positioned as a premium residential development for people looking to upgrade their living. It is close to the central metropolitan area and enjoys convenient transportation given its proximity to Suzhou’s Middle Ring Road North Line and Suzhou Industrial Park railway station, and it will be further integrated into the Suzhou city center once the subway lines No.3/5, and north extension of the Xingtang Highway are launched. In addition to many nearby amenities for day-to-day living, the project is just a 10-minute drive from Xinghu Street to the Hudong CBD area.

Total project GFA: approximately 162,000 sq.m.

Hangzhou • Tian Yue Yun He Yuan



Located in the Wanda Plaza shopping area of Canal New Town in the Gongshu District of Hangzhou, the project is close to the Jing–Hang Grand Canal, just 7.7 km from the Wulin Square in the city center and 12.4 km from Qianjiang New Town. Nearby subway stations under construction include the Xiangyuanlu Station on Line 10, and the Juzhoulu Station on Line 5, which are 1.6 km and 1.5 km, respectively, away. With many nearby conveniences for daily living, the project offers a truly superior living environment. The exciting development plans for the Canal New Town give the area great potential for future growth.

Total project GFA: approximately 143,000 sq.m.

Chongqing • Tian Yue Jia Ling



The project is located at the intersection of Jiaxin Road and Fenjin Road in Shapingba District, Chongqing, just 200 m from the banks of the Jialing River. It is adjacent to three parks and the Sanxia Square Business Zone, and features easy access to nearby educational, healthcare and transportation resources. The project is planned as a large-scale mixed-use residential and commercial property that caters to the urban elites of Chongqing. The design integrates western-style houses and high-end modern residences into the beautiful surrounding landscape.

Total project GFA: approximately 850,000 sq.m

Kunming • Tian Yue Chen Zhang



Located in Guandu District, conveniently located between Kunming's CBD and Chenggong District, the project is just 5 km from Dianchi Lake. Guandu is a key area of the city's development, and has many well-established amenities.

Total project GFA: approximately 168,000 sq.m.

Xi Rui Series

Beijing • Xi Rui Xue Fu



Located in Xihuang Village of Shijingshan District, the project is close to the West 5th Ring Road in the Pingguoyuan Subdistrict and sits just next to Xihuangcun Subway Station on Line 6.

Featuring a finely crafted façade and contemporary elegance, the project aims to create an upscale community for the urban middle class seeking elegance and exclusivity. It offers buyers a comfortable and private home away from the hustle and bustle of the city.

Total project GFA: approximately 203,000 sq.m.

Beijing • Xanadu Villa



Located in the Shunyi Central Villa District of Beijing, and adjacent to the Beijing-Chengde Expressway exit, the Project is a 25-minute drive from the North 3rd Ring Road. Surrounded by renowned elite educational institutions, including Niulanshan First Secondary School and a/several famous kindergarten(s), the project features 80,000 sq.m. of high-end commercial facilities that help create a perfect villa experience. When complete, it will be a low-density residential district consisting of over a thousand gardened villas.

Total project GFA: approximately 96,000 sq.m.

Shanghai • Land Xanadu



Located in Huacao Town in the South Hongqiao area, in the Minhang District of Shanghai, the project is 6 km from the Hongqiao Business District and 19 km from the People's Square. The planned Fangle Road Station on the west extension of Metro Line No. 13 will be constructed about 300 meters from the project. The convenient location also features many nearby educational resources, such as Shanghai Singapore International School and Taiwanese Children's School, and commercial centers, such as the Greenland CIFI E Place, Fengshang International Plaza, and Rt-Mart hypermarket.

Total project GFA: approximately 101,000 sq.m.

Shanghai • Xi Rui Li



Located at the center of the Dahongqiao High-end Villa District in Shanghai, the project features a 1.1 plot ratio, consisting of stacked townhouses and low-density gardened villas.

The architectural style of the project reimagines Zen-style living in Hongqiao. The interior design, which integrates architectural and landscape elements, creates a uniquely modern, yet fresh, sense of space.

Total project GFA: approximately 36,000 sq.m.

Tianjin • Xi Rui Kun Ting



Located in the Wuqing District of Tianjin, adjacent to the Tongcheng exit of the Beijing-Tianjin Expressway, the project features low-density villas, garden houses, and high-rise buildings. A variety of ancillary facilities can be found nearby, including culture, sports, education, commerce, finance, medicine, healthcare, urban parks and municipal infrastructure. The landscape is designed around two axis, three verandas, five gardens and ten views, and allows residents to experience the epitome of high-end living.

Total project GFA: approximately 192,000 sq.m.

Dongguan • Xirui Villa



Located at the center of Wangniudun Town in the Shuixiang New Town Area, which will be an important part of the Guangzhou-Shenzhen Science & Technology Innovation Corridor, the project is 5.7 km from the Wanghong Station, which is currently under construction, and 20 minutes from Wanjiang and Nancheng via urban expressway. Mainly targeting the overflow of residents from nearby urban areas, the project aims to develop high-quality, high end villas.

Total project GFA: approximately 140,000 sq.m.

Chongqing • Xi Rui Shan He



Located in Chayuan New Area in eastern Chongqing, the stylishly elegant project features landscaped community gardens and a modern façade. It aims to set a benchmark for high-end low density properties with its comfort and harmony.

Total project GFA: approximately 194,000 sq.m.

Chengdu • Xi Rui Guang Hua



Located in the Caiqiao Community on Wenjia Street in Qingyang District, Chengdu, the project is surrounded by Guanghua West 6th Road, Guanghua South 4th Road, Guanghua South Alley, and Guanghua West 7th Road. The project is only 1.1 km from the Caiqiao Station on Metro Line 4, and 1.4 km from the Zhongba Station. As the second project in Chengdu under BCL's Xi Rui brand, it was designed to be an improved 2.0 version, with upgrades to "location, philosophy, art, wisdom, and positioning". Integrating culture, art, technology, and supporting facilities, it is positioned to meet high-end residential needs and aims to create a benchmark for high-end villas in the west of the city.

Total project GFA: approximately 120,000 sq.m.

Xi Yue Series

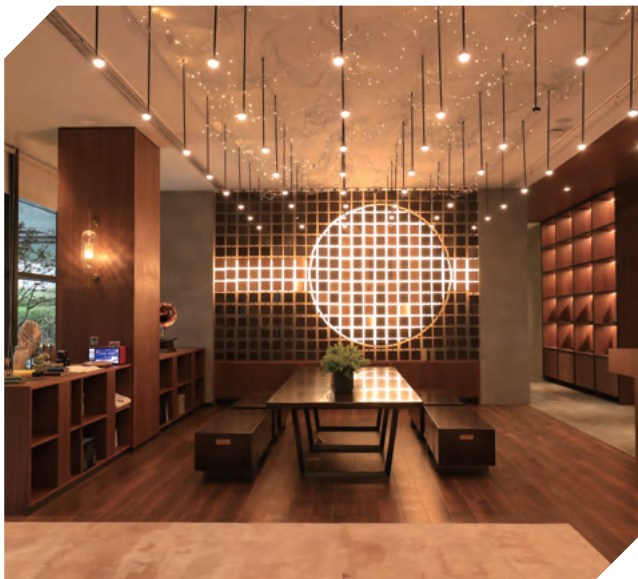
Beijing • Wisdom Mansion



Located at the West Fifth Ring Road in the Shijingshan District of Beijing (about 50 meters to the east of Hope Park), and 500 meters from Xihuangcun Station on Metro Line No. 6, the project features a classic metropolitan architectural style and aims to leverage high-end educational resources nearby to draw an international community.

Total project GFA: approximately 196,000 sq.m.

Kunshan • Xi Yue Mansion



Located opposite the Second Primary School in Zhangpu Town in Kunshan, the project aims to meet the rigid demand for high-quality and cost-effective residential properties in the city.

With comfortable living a key focus and easy access to high quality city resources, the project offers numerous amenities for practical living, including a recently launched branded Coffee & Aesthetics Center.

Total project GFA: approximately 236,000 sq.m.

Kunming • Xi Yue Chun Cheng



The project is located in the Panlong District of Kunming, about 8 km from the center of the city and 15 km from the Changhsui Airport, and is close to Kunming Metro Line No. 2 and the Ring Expressway. Surrounded by waterfalls and city parks, the project features a several surrounding parks. With 14 high quality schools in the surrounding area, ranging from kindergartens to high schools, the project is positioned as a high-end residential destination for first-time home buyers and people looking to upgrade their living.

Total project GFA: approximately 354,000 sq.m.

Qingdao • Wisdom Mansion



Located in Jimo International Trade City, the project is approximately 1 km from the International Garment Trade City Station on Metro Line No. 16. Premium educational resources nearby include Cuiying Middle School, which is 1 km to the south and one of the top 5 middle schools in Jimo District. Jimo Third People's Hospital is 2 km to the southeast, and a Wanda Mall to the north and a Metro supermarket on site are both currently under development. The area is an emerging business center. The project targets buyers looking for superior educational resources and a higher living standard. The premium housing strikes a fine balance between quality and price.

Total project GFA: approximately 375,000 sq.m.

Urban Core Integrated Complexes

Beijing • Capital Center



Located at the center of Beijing's Lize Financial Zone, between the West 2nd Ring Road and West 3rd Ring Road, and adjacent to the Beijing West and Beijing South railway stations, the Beijing-Kaifeng Expressway, the Beijing-Hong Kong-Macao Expressway, as well as metro lines No. 14 and No. 16.

The project is positioned as a "Financial Satellite City, the Best in Lize." It provides modern companies with efficient and comfortable office environments, and a variety of convenient ancillary services, including shopping, entertainment, commerce and other relaxation activities. The project serves as the central landmark in the Lize Financial District.

Total project GFA: approximately 520,000 sq.m.

Shenzhen • Capital Business Center



Located at the center of the Longhua District in Shenzhen, the 150 meter tall project is composed of a an office tower, apartments, and a commercial podium. The base podium's landscaped gardens evoke a park in the sky, making the project an exciting landmark in the Guangdong-Hong Kong-Macao Greater Bay Area.

Total project GFA: approximately 62,000 sq.m.

Xi'an • Capital City



Located in a complex in the north of Xi'an near the 3rd Ring Road, the project is easily accessible and equipped with well-established amenities, and has received support from the local government.

The project is positioned as an investment property with high appreciation potential. It integrates shopping, entertainment, business and leisure, and can meet the dual needs of modern companies for efficiency and comfort.

Total project GFA: approximately 55,000 sq.m.

Integrated Outlet Projects

Beijing • Capital Outlets



Located in Changyang Town in Fanshan District, Beijing, the project is adjacent to the Changyang West Station of the Fangshan line on the intercity railway and is only a 30-minute drive from Financial Street in Beijing via the Beijing-Shijiazhuang Expressway. As flagship project within the Group's integrated "Residential + Outlet" business in Beijing, the development features many discount stores from world-famous brands.

Total project GFA: approximately 340,000 sq.m.

Kunming • Capital Outlets



Located in the Wuhua District of Kunming, and only a 30-minute drive from the city center, the project features 300 premium and well-known domestic and international brands. The large outlet mall integrates shopping, leisure, entertainment, and residential facilities, and attracts tourists from all over with its famous sunshine dome, which is the largest in Yunnan.

Total project GFA: approximately 130,000 sq.m.

Jinan • Capital Outlets



Located in Tangye New District in east Jinan, about 17 km from the city center, the project features architecture that resembles a European-style town and nearly 300 famous international and domestic brands that have set up discount stores. The project features high quality dining, leisure and entertainment facilities and sets a new benchmark in Jinan for its international lifestyle experience.

Total project GFA: approximately 184,000 sq.m.

Hainan • Integrated Outlets



Located in Wanning, a coastal city on the eastern side of Hainan, the island province that is an international tourist destination, and surrounded by the South China sea, the project is an international tourist and cultural destination in a unique environment, and features many nearby shopping and tourist attractions.

Total project GFA: approximately 310,000 sq.m.

Kunshan • Integrated Outlets



Located in the south-east corner of East New Town in Kunshan, next to the South High Technology Enterprise Park, the project was BCL's first in the city. The region has a large customer base and significant market demand. Approximately 180,000 sq.m. of the site will be occupied by commercial buildings, such as outlets, and some sidewalk shops, all in an art deco style that expresses the elegance and style of the development. Nearly 40% of the land will be designated green space.

Total project GFA: approximately 1.3 million sq.m.

Hangzhou • Integrated Outlets



Conveniently located by the major road that links downtown Hangzhou and Fuyang District, and next to the Hangzhou-Huangshan high-speed railway station and metro line No. 6, the project takes advantage of the dynamic urban development of the area. The project opened in November 2017 and achieved opening-day traffic of nearly 90,000 customers who spent approximately RMB13 million.

Total project GFA: approximately 110,000 sq.m.

Wuhan • Integrated Outlets



Adjacent to the South-east 3rd Ring Road and 5km from Optics Valley Central City in Wuhan, the project features a convenient transportation network, superior natural environment and an entrepreneurial culture given that it is surrounded by universities and located opposite the Olympic Sports Center. The project integrates the graceful style of Tuscany into the architectural design, uses various spatial levels to create opulent supporting facilities, and features a broad outlet shopping experience that caters to families throughout the year.

Total project GFA: approximately 107,600 sq.m.

Cultural and Creative Industries Projects

Beijing • Langyuan Vintage



Located in the central business district of Beijing, the project enjoys a superior location adjacent to the new site of Beijing TV, Chang'an Street and Wanda Plaza. The development is a cultural site that has preserved the original historical buildings, an achievement that has been recognized by the city government. Eight service centers have been added to improve services for the companies located in the park. The park is fully rented throughout the year. Some current corporate tenants include Luogic Talkshow, Qyer.com and Guokr.com.

Beijing • Yongyuan



Located southeast of the 2nd Ring Road in a priority development zone of the capital city, the project has a total GFA of 12,000 sq.m. and is positioned as a heritage site that shows off the nation's intangible cultural heritage. Everything about the project, from the research, design and planning, to the investment and financing, were undertaken with heritage preservation in mind. The project is classified into three segments, namely innovation, experience marketing and practice. The project has been marketed under the theme of "meeting people, seeing artifacts and living life", and has set a new benchmark for heritage sites in Beijing and nationwide

Beijing • Media Elite Headquarters



Located in Gaobeidian in Chaoyang District, Beijing, adjacent to several main urban roads, such as the East 5th Ring Road and Jingtong Expressway, as well as metro lines Batong and No. 6, the 20,000 sq.m. project is positioned as a cultural and creative industrial park, and is divided into four functional zones, including for business support, incubation, industrial acceleration, and scientific research and talent training. It has served more than 60 enterprises from various industries, including radio, film and television, press and publishing, new media, exhibition and art trading, animation and games, and performing arts and entertainment.

Beijing • Jinma Plaza



Located in the Haidian District of Beijing, the 13,700 sq.m., project is positioned as a landmark for digital entertainment and culture. The façade's theme of "A blueprint for an innovative city, a wonderful life in a new era", is in line with the city's direction of development, and the district's thriving tech vibe.

High-tech industrial property

Beijing • Zhongguancun IC PARK



Located on Beiqing Road in Haidian District, Beijing, with a floor area of 60,000 sq.m. and a total GFA of 220,000 sq.m., the project was completed in November 2018 and integrates industry and urbanization. It caters to innovative integrated circuit (“IC”) companies, such as Bitmain and GigaDevice, that own independent intellectual property. Currently more than 30 influential global IC companies that own more than 1,700 patents are based in the park and generate over RMB27 billion in revenue.

Chongqing • IC PARK



Located in the Western Science City of Chongqing, with a floor area of 31,700 sq.m. and a total GFA of 111,800 sq.m., the project is part of an emerging industrial hub and a key strategic area in Chongqing. The project has access to a deep pool of high-tech talent, and is well-positioned to capture profitable growth opportunities as the city attracts additional value-added resources to the area.

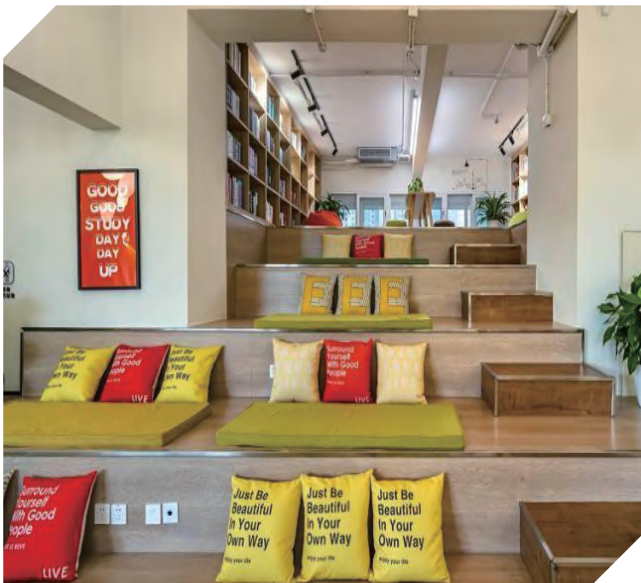
Nanjing • Digitech Centre



Located in Jianye District, Nanjing, with a floor area of 54,300 sq.m. and a total GFA of 326,600 sq.m., the project leverages the trend of integration between internet and digital technologies. It aims to attract high-tech companies to set up offices and create a “1+4” industrial network, with internet services as the key focus and 4 technologies, including artificial intelligence, big data, blockchain and cloud computing, as supporting pillars.

Rental Housing

Beijing • Fangshan Hé Yuan



Located in Liangxiang Town in Fangshan District, Beijing, and adjacent to University Town, LonghuTian Road and the Liangxiang University Town Station on the Fangshan Metro Line, the project was rolled out in partnership with the co-working company UCOMMUNE to create the first multi-use office and residential project for younger residents who like to combine work and living.

Beijing • Shibalidian Hé Yuan



Located in Xizhihe Village in Shibalidian Town, which is in Chaoyang District, Beijing, east of southeastern section of the 5th Ring Road, the project is adjacent to metro lines No. 7 and No. 17, and about 10km from the CBD and 4km from the Yizhuang Development Zone. With a total GFA of 411,000 sq.m., the project is expected to provide nearly 10,000 rental apartment units.

Tianjin • Shuanggang Hé Yuan



Located in Shuanggang Town in Jinnan District, Tianjin, adjacent to the outer-ring road, several expressways, many bus lines that connect downtown, and metro line No. 8 that is currently under construction, the project is located in a mature area that features a number of supporting business facilities. It is also adjacent to an industrial park that has strong rental demand.

PROPERTY SALES PERFORMANCE

In 2020, together with its joint ventures and associated companies, the Group achieved total contracted sales of RMB70.86 billion, while the total contracted sales area was 2.927 million sq.m. and the average selling price was RMB24,000 per sq.m..

Geographic Distribution of Contracted Sales in 2020

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing-Tianjin-Hebei Region	701,358	44,125	30,947,727
Yangtze River Delta cities	591,536	36,753	21,740,639
Guangdong-Hong Kong-Macao Region	184,808	19,777	3,654,862
Others	1,448,798	10,017	14,512,769
Total	2,926,500	24,212	70,855,997

- The three key metropolitan areas continued to dominate in terms of contracted sales, supported by strong sales momentum in important tier-2 cities. During the year, contracted sales in the three key metropolitan areas were RMB56.34 billion, accounting for roughly 80% of the total. In particular, the Group capitalized on market opportunities in the Yangtze River Delta and Guangdong-Hong Kong-Macao region, where contracted sales were up nearly 12% and 21% year-over-year, respectively; Contracted sales in other key tier-2 cities with growth potential, including Wuhan, Kunming, Xiamen and Xinxiang in the north of Zhengzhou, were RMB14.51 billion, accounting for roughly 20% of the total, which was an increase of nearly 10 percentage points year-over-year. This demonstrated the success of the Group's strategy to diversify project deployments in multiple regions.
- The Group built up core product competency and delivered multiple projects that were well received by the market. During the year, the Group accurately identified the demand of younger-generation consumers, and systematically upgraded its "BCL Intelligently Made 2025" operating strategy to reinforce its core business with technology, build out its execution capabilities and core project competency, and strengthen its comprehensive service offerings. During the year, multiple projects from its core product lines, such as "Tian Yue", "Xi Rui" and "Xi Yue", among others, were well received by the market. In particular, despite the market headwinds, apartments at the Beijing "Xi Yue Wisdom Mansion" Project completely sold out, achieving more than RMB3.8 billion in contracted sales, which topped the sales chart in Shijingshan District for residential properties. Furthermore, the Group built a number of prominent projects in strategic regions such as the Yangtze River Delta and Guangdong-Hong Kong-Macao Region, which all achieved high sell-through rates. For example, the Shanghai Xi Rui Hui project sold out on the day of its launch, achieving a 100% sell-through rate. The sell-through rate also exceeded 90% on the launch campaign of some other projects, including Hangzhou Tian Yue Yun He Yuan, Suzhou Tian Yue Hu Bin Ya Yuan, Dongguan Xi Rui Yue Fu, Kunming Yu Hua Zhou and others.

- The Group continued to implement its “fast turnover” strategy and “369 construction time limit standards” to speed up development. Specifically, the Group overcame pandemic-related challenges and accelerated the launch of multiple projects in Wuhan, Kunming, Zhengzhou North and more, each with a planned GFA of more than 1 million sq.m. The project in Zhengzhou North was launched just 8 months after the land was acquired.
- The Group’s in-house sales capabilities continued to improve. During the year, the Group reinforced its in-house sales team while it also worked to coordinate resources across regions for key projects. This allowed for a smooth flow of resources across regions, when needed, enabled the Company to scale its sales efforts, and enhanced the management of the in-house sales team. During the year, total contracted sales contributed by the Group’s in-house sales platform was RMB26.89 billion, accounting for 38% of the total.

Land Bank

In 2020, the Group adhered to a prudent land investment strategy by only investing in high quality projects. The Group added 10 projects located in Beijing, Nanjing, Chongqing, Wuhan and Qingdao, among other cities, with an aggregate investment of RMB18.99 billion and a total GFA of 4.196 million sq.m., with an average land premium of 2.6%. RMB13.89 billion of the total went to the three key metropolitan areas, accounting for 73.2% of the total.

During the year, the Group acquired a variety of important and differentiated projects in a non-competitive manner by leveraging strategic cooperation, M&A, and synergies across its businesses to strengthen its core competency, while significantly decreasing the percentage of land acquired through tender-auction listing processes. In January 2020, the Group acquired the Pingyuan Demonstration Zone Project in Xinxiang City, which is north of Zhengzhou in Henan Province, via strategic cooperation. The project is located at the center of the Zhengzhou metropolitan area, with a planned GFA of 1.521 million sq.m. In May 2020, via synergies with its high-tech business, the Group attracted 58.com to set up its office building at the Group’s project in the Jianye District of Nanjing, which has a planned GFA of 327,000 sq.m. In December 2020, the Group acquired the Tongxiang Wuzhen Project through synergies with its cultural and creative business. Located in a region that is surrounded by Hangzhou, Jiangxing and Huzhou, the project has a planned GFA of 277,000 sq.m. and is strategically located adjacent to the World Internet Conference venue.

As of 31 December 2020, the Group had total land bank with an aggregate GFA of 16.83 million sq.m., (10.96 million sq.m. was attributable to the Company’s equity interests) and had a total ground area of 13.02 million sq.m. (8.445 million sq.m. was attributable to the Company’s equity interests). Of the total land bank GFA, approximately 88% is for property development projects, and 12% is for investment properties and other uses. The existing land bank is considered to be of optimal scale and the Group believes its resources in key cities are sufficient. Moreover, the Group believes that its current land bank will be sufficient to meet its operational needs for the next three years.

Projects Invested in 2020

City	Project	Site Area of Land (sq.m.)	Total GFA (sq.m.)	Ground GFA (sq.m.)
Beijing	Beijing Shijingshan Xihuangcun 646 site	38,379	202,630	117,825
Beijing	Beijing Lize Financial Business District Project D0708	23,799	222,893	160,000
Beijing	Beijing Fengtai Lugouqiao Dawayao DWY-L39 site	44,670	166,176	119,857
Nanjing	Nanjing Jianye 58.com industry Part Project	59,352	326,570	237,136
Wuxi	Jiangyin Yushanwan Donglu Project (B site)	90,491	295,497	226,227
Chongqing	Chongqing Shapingba Xiyong Project	164,738	399,877	283,606
Zhengzhou	Zhengzhou Pingyuan Demonstration Zone Project	752,139	1,521,340	1,196,518
Wuhan	Wuhan Jingkai No. 33 Site	122,987	402,697	294,697
Qingdao	Qingdao Jimo Lanao Road JY20-82 Site	137,049	380,796	274,098
Tongxiang	Tongxiang Wuzhen B3 (Commercial only), B4, B5 Sites	152,327	277,365	189,629
Total		1,585,932	4,195,841	3,099,593

HUMAN RESOURCES

As of 31 December 2020, the Group employed 4,540 professionals, representing an increase of 20.4% year-over-year. A majority of the new employees were hired for the property services team.

The properties development division employed 3,400 professionals with a median age of 34. In terms of education level, 77.7% of employees held a bachelor's degree or higher, and 12.4% of employees held a master's degree or higher. Employees with intermediate or senior professional titles accounted for 15.3%.

The property management division employed 1,140 professionals with a median age of 35.7. In terms of education level, 5% of the employees held a bachelor's degree or higher.

In 2020, “quality growth” was management’s goal. The Group further expanded its deployments in key regions and optimized its regional management by further consolidating resources to scale regional operations. It also saw positive synergies between its innovative new projects and core business, which contributed to BCL’s sustainable and healthy development.

In line with its goal of “quality growth”, the Group adhered to “value contribution” as a guiding principle and constantly optimized its performance assessment and incentive systems through upgrades and innovation. It also actively promoted risk sharing and win-win partnerships that are built on collaboration and innovation, and leveraged effective performance evaluation and rewards to guide and motivate teams, thus providing strong team support for the Group to meet its performance targets.

The Group consistently adhered to the belief that “talent is the most crucial capital” and constantly worked to develop and optimize the workforce needed to meet the Group’s strategic needs. While maintaining team stability, the Group actively tried to tap into the full potential of its employees by expanding internal talent mobility and promotion opportunities. Building such internal mobility helped the Group increase team dynamics and optimize talent deployment. Meanwhile, to facilitate easy communication across teams and regions during the pandemic, BCL built a proprietary online platform for employees to learn and share, which should help to further support the Group’s sustainable growth.

BUSINESS MODEL

After years of development, the Group has established a comprehensive business portfolio that consist of four key business lines, three innovative business segments and a financial platform, Prime Golden Capital. The Group strengthened its capabilities in its core property development business and built up its core competency through continuous improvement. Meanwhile, in response to the destocking trend in the real estate market, the Group proactively explored innovative business opportunities and cultivated its capabilities to operate key assets, develop new profit drivers, and empower core operations via diversification.

1. Four Core Business Lines

Residential Property Development

The Group primarily focused on three key metropolitan areas, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Greater Bay Area, as well as important tier-2 cities with growth potential. This allowed the Group to optimize resource allocation and concentrate on its development in these regions. With a focus on mid-to-high end residential projects, the Group continued to advance its “BCL Intelligently Made 2025” operating strategy by strengthening its research and development capabilities and promoting the standardization of projects in an effort to attract first-time home buyers and those looking to upgrade their living situation. The Group also constantly improved its customer service, which helped to enhance the overall brand.

Representative product lines of BCL's residential development include "Tian Yue", "Xi Rui" and "Xi Yue".

Integrated Outlets

Leveraging Capital Grand, BCL's commercial property development arm, the Group implemented a combined asset-heavy and asset-light business model to rapidly and strategically expand its outlet projects in target cities through construction, M&A and joint development. The Group aims to build the largest outlet operating platform in Mainland China and establish a scale advantage over peers. Meanwhile, the Group integrated online and offline channels, pushed forward with digital and lean operations, and attracted a wide array of brands to its outlets. With these efforts, the Group created win-win situations for both consumers and consumer brands.

Representative projects of BCL's outlets include the Beijing Fangshan Capital Outlets, Hainan Wanning Capital Outlets, Zhejiang Hangzhou Capital Outlets, Hubei Wuhan Capital Outlets, Shandong Jinan Capital Outlets and Yunan Kunming Capital Outlets, among others.

Integrated Urban Complexes

The Group focused on high-end urban commercial complexes that are developed above metro stations in the central areas of key cities, such as Beijing, Shanghai and Shenzhen. By introducing top-tier business partners and integrating resources such as land, capital, brands and operations, the Group endeavored to develop landmark projects that will generate value-added returns and opportunities to securitize key assets. The Group will continue to drive the growth of its integrated urban complex business and promote the establishment of a platform for asset expansion.

Representative projects of BCL's urban complexes include the Beijing Lize Financial Business District Project, Shenzhen Capital Business Center Project and Beijing International Center Project.

Primary Land Development (Including Shantytown Redevelopment)

The primary land development business (including shantytown redevelopment) mainly focuses on residential development. This allows the Group to benefit from land appreciation and acquire prime land resources at lower cost. In addition, the Group actively explored industry-city integration projects through large-scale development and built up core competencies that set it apart from peers.

Representative projects of BCL's primary land development projects (including shantytown redevelopment) include the Beijing Hujialou shantytown redevelopment project, the Beishicao shantytown redevelopment project and the Tianjin Wuqing primary land development project.

2. Three Innovative Business Lines

Cultural and Creative Industries

The Group's vision for this business line is to develop high quality projects that cater to the creative and high-tech markets and to provide services to the urban healthcare sector. With "big culture", "big information technology" and "big health" as its focus, the cultural and creative business is subdivided into three strategic segments, namely industrial park operation, industrial investment and content creation. With a strong presence in Beijing, the Group further consolidated its resources by managing industrial parks and leveraging its investment platform in a bid to build an ecosystem for cultural and creative industries.

Representative projects of BCL's cultural and creative industries include the Langyuan Vintage Project, the Yongyuan Project and the Media Elite Headquarters Project in Beijing.

High-tech Industrial Property

BCL has positioned itself as an innovative and integrated service provider, and a platform for the rapidly growing wave of high-tech industries. With an "industrial + property" model, the Group actively worked to build an ecosystem that integrates innovation, industrial development and value creation. Through a suite of integrated services for industrial development, space management, environmental programs, human resources, operations, investment and fund raising, the Group aims to build out four ecosystems and nine service platforms.

Representative projects of the Company's high-tech industrial real estate include IC-PARK Projects, Chongqing Chuangxin Industrial Park, Nanjing Digital Science Center Project.

Rental Housing

In response to the government's directive that "housing is for people to live in, not for speculation", and "new developments should have units for people to both buy and rent", BCL has been actively pushing forward its expansion into the rental housing market. While transforming and upgrading some of its existing projects into rental housing units to revitalize its inventory, the Group also forged partnerships to acquire collectively-owned land on which to develop rental housing projects. Under the brand "Hé Cohesive Hub" and based on an "apartment + common area + services" model, the Group provided premium "3+2+X" rental spaces to younger urbanites in collaboration with UCOMMUNE, a co-working brand, and BCL's outlets business.

Representative projects of BCL's rental housing projects include the Chaoyang Shibalidian rental housing project on collectively owned land, the Fangshan Hé Yuan Project in Beijing, and the Shuanggang Hé Yu Project in Tianjin.

3. Financial Platform: Prime Golden Capital

Prime Golden Capital is positioned as BCL's financial platform. As a critical part of the Group's "RMB100 Billion Value Ecosystem" strategy, Prime Golden Capital has strong shareholder support and possesses professional operating capabilities. While integrating finance and property, and focusing on both investments and fund raising, the platform aims to boost the rapid development of BCL's main business and accelerate its strategic transformation across finance, property and urban development. Prime Golden Capital concentrates on "property × finance" and primarily invests in real estate development, asset management, cultural and creative industries, private equity and overseas real estate.

DEVELOPMENT AND OUTLOOK

Looking out to 2021, the global and Chinese economies will continue to face challenges on multiple fronts, leading to increasing uncertainty and instability in the macro-environment. For the Chinese real estate industry, the precautionary measures taken to combat the virus have become the new normal, and the stringent regulations of the property market are unlikely to be relaxed in the short term. The overarching theme of "housing is for people to live in, not for speculation" and "implementing city-specific measures" will continue to be the key focus of China's real estate regulation, and policies such as the "three red lines" are expected to be further implemented. These will place all Chinese property developers under sustained and significant pressure. In addition, as competition in the industry further intensifies, it is expected that strong players will solidify their positions while weak performers will be weeded out, and prudent and secure operations will be increasingly important for property developers. As the market for the traditional development business is approaching saturation, the property developers that can develop differentiated business lines will demonstrate more resilience for future growth. Against this backdrop, in 2021, the Group will uphold "strengthening business foundation, pursuing progress while ensuring stable development" as its general principle, and proactively respond to the challenges and difficulties by implementing the following strategies:

1. The Group will optimize business planning and asset structure by revitalizing and monetizing low-efficiency assets and by focusing resources on developing its main operations. The Group will also work to lift its overall asset quality in order to enhance its ability to manage risks and support solid and high-quality business operations;
2. The Group will adhere to a "fast turnover" strategy and further execute its "369 project construction standards", while improving the quality of contracted sales with more emphasis on cash conversion and returns. The Group will also optimize the pace of project delivery and accelerate inventory turnover and sell-through rates by pegging performance evaluation and incentives to the timing of project development and launch dates. On the sales front, the Group will develop innovative marketing strategies by integrating online and offline channels, and leverage its in-house salesforce as a core driver to speed up destocking. The Group will also strive to increase cash conversion efficiency by accelerating cash collection from operations, upgrading its performance assessment system and implementing strict cost control;

3. The Group will implement a prudent investment strategy and make targeted investments by improving regional market know-how, setting strict investment criteria, controlling the pace of investments and selecting curated investment targets. While allocating resources based on market needs, the Group also closely follows China's development strategies in order to capitalize on emerging opportunities arising in different cities. In terms of land acquisition, the Group will leverage the synergies across its diversified business and continue to acquire land with a non-competitive and differentiated approach while reducing the percentage of land acquired purely through tender-auction listing processes;
4. The Group will accelerate the implementation of its "Panshi Plan", a management reform program, and rebuild the management policies by improving and refining professional and digitized management processes, which should help to boost the Group's overall performance. As the Group continues to upgrade its "Intelligently Made 2025" operating strategy, it will consolidate and optimize its business mix, transform all business lines through data intelligence, and build up core competencies via continuous improvement, in a bid to constantly upgrade its business segments and improve service levels across the whole value chain;
5. By leveraging Group's strengths and tapping into the value of its portfolio of assets, the Group aims to develop a sustainable and profitable business model for its innovative segment by enhancing its asset operation and management capabilities, and building a comprehensive asset-light business platform. Meanwhile, the Group will focus on resource acquisition through synergies centering around such business lines as "property + cultural and creative" and "property + technology", in a bid to empower its core secondary development business through a diversified lineup of innovative business operations;
6. The Group will proactively respond to the challenging financing environment by leveraging its credit strength and access to capital markets in order to expand funding channels and secure sufficient capital reserves. Meanwhile, the Group will take multiple measures to boost liquidity, control the scale of debt and curb leverage to optimize its asset structure and further enhance its ability to manage risks. While forging ahead with H-share full circulation, BCL will accelerate the integration of its property management platform and asset-light business, and scale up the operations at an appropriate time via capital introduction. Lastly, by exploiting the combined strengths of "finance + property" of Prime Golden Capital, the Group aims to attract major asset owners to its fund platform and establish cooperation with financing platforms backed by leading property developers in the market in a bid to enable the high-quality growth of its main operations.

FINANCIAL ANALYSIS

In 2020, the operating revenue of the Group was approximately RMB21,247,858,000 (2019: RMB20,786,255,000), representing an increase of approximately 2% as compared with 2019. Such increase in operating revenue was mainly attributable to the increase in sales revenue of property development during the period. In 2020, the Group achieved a gross profit margin after business tax of approximately 24%, representing a decrease of 9 percentage points as compared to 33% in 2019, which was mainly attributable to a decrease of gross profit margin in property development and sale business during the period.

In 2020, the operating profit of the Group was approximately RMB1,801,173,000 (2019: RMB3,552,458,000), representing a decrease of approximately 49% as compared to 2019.

1. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2020, the Group's total assets were RMB210,549,900,000 (31 December 2019: RMB185,269,318,000), of which current assets were RMB169,225,285,000 (31 December 2019: RMB155,377,694,000) and non-current assets were RMB41,324,615,000 (31 December 2019: RMB29,891,624,000); the total liabilities were RMB163,219,964,000 (31 December 2019: RMB143,228,212,000), of which current liabilities were RMB91,844,304,000 (31 December 2019: RMB69,262,690,000) and non-current liabilities were RMB71,375,660,000 (31 December 2019: RMB73,965,522,000); and the total equity was RMB47,329,936,000 (31 December 2019: RMB42,041,106,000).

The Group has sound liquidity and solvency. Current ratio of the Group as at 31 December 2020 was 1.84 (31 December 2019: 2.24).

As at 31 December 2020, the Group's cash at bank and on hand amounted to RMB37,178,480,000 (31 December 2019: RMB27,035,244,000), which represented sufficient funds for operations. As at 31 December 2020, loans and debentures of the Group amounted to RMB97,374,933,000 (31 December 2019: RMB94,670,594,000) in aggregate, of which the long-term loans and debentures amounted to RMB65,877,540,000 (31 December 2019: RMB70,935,863,000). The bank loans were mainly used to satisfy the capital requirements of the Group's property development projects.

As at 31 December 2020, the Group's gearing ratio was approximately 78% (31 December 2019: 77%). The gearing ratio of the Group is calculated as the total liabilities divided by the total assets.

2. Changes in major subsidiaries, principal jointly controlled entities and associates

Henan Rong Shou Innovative Cultural and Travel Real Estate Co., Ltd. (河南融首新創文旅置業有限公司), a subsidiary of the Group, was established in February 2020, and 40% of its equity interest was held by the Group.

Beijing Jinghui Real Estate Co., Ltd. (北京景輝置業有限公司), a subsidiary of the Group, was established in March 2020, and 57% of its equity interest was held by the Group.

Chongqing Shou Hong Technology and Development Co., Ltd. (重慶首泓科技發展有限公司), a subsidiary of the Group, was established in April 2020, and 100% of its equity interest was held by the Group.

Beijing Chuangyue Xinke Real Estate Co., Ltd. (北京創閱新科置業有限公司), a subsidiary of the Group, was established in July 2020, and 100% of its equity interest was held by the Group.

Jiangyin ShouRong Real Estate Co., Ltd. (江陰首融置業有限公司) a subsidiary of the Group, was established in September 2020, and 80% of its equity interest was held by the Group.

During the period, the Company negotiated with Beijing Shangbodi Investment Consultant Co., Ltd. (北京尚博地投資顧問有限公司) ("Beijing Shangbodi", a former joint venture of the Company) to change its decision-making mechanism. Thereafter, Beijing Shangbodi became a subsidiary of the Company, then a subsidiary of the Group in October 2020.

During the period, the Group entered into an agreement with the former joint venture, Wuhan Rong Cheng Innovative Investment and Development Co., Ltd. (武漢融城開創投資發展有限公司) (“Wuhan Rong Cheng Innovative”) in terms of approaches to cooperation. Thereafter, the Group has control over Wuhan Rong Cheng Innovative, which became a subsidiary of the Group in June 2020.

During the period, the Group entered into an agreement with the former joint venture, Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (“Shouwan Yuye”) in terms of approaches to cooperation. Thereafter, the Group has control over Shouwan Yuye, which became a subsidiary of the Group in January 2020.

Wuhan Rong Shou Innovative Investment and Development Co., Ltd. (武漢融首新創投資發展有限公司), an associate of the Group, was established in May 2020, and 49% of its equity interest was held by the Group.

3. Entrusted Deposits and Overdue Time Deposits

As of 31 December 2020, the Group did not have any entrusted deposits in financial institutions in the PRC. Most of the Group’s cash was held in commercial banks in the PRC in compliance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

4. Borrowings

As at 31 December 2020, bank borrowings of RMB40,493,849,000 (31 December 2019: RMB35,627,681,000) were from credit facilities obtained by the Group, of which, RMB38,686,244,000 (31 December 2019: RMB34,005,681,000) were secured by guarantees provided by the Group for its subsidiaries; and RMB1,807,605,000 (31 December 2019: RMB1,622,000,000) were general credit facilities obtained by the Group.

As at 31 December 2020, the Group’s guaranteed bank borrowings were nil (31 December 2019: RMB4,131,000,000), of which, nil (31 December 2019: RMB1,631,000,000) were secured by the guarantees provided by the Company and the third parties for the subsidiaries; and nil (31 December 2019: RMB2,500,000,000) were guaranteed by Beijing Capital Group Co., Ltd. (“Capital Group”), the controlling shareholder of the Company.

As at 31 December 2020, the Group’s mortgaged bank borrowings amounted to RMB10,390,733,000 (31 December 2019: RMB8,565,668,000). Of them, RMB5,209,004,000 (31 December 2019: RMB4,487,151,000) were secured by certain relevant properties under development; RMB162,000,000 (31 December 2019: RMB198,000,000) were secured by investment properties and land use rights; RMB1,435,000,000 (31 December 2019: RMB877,262,000) were secured by guarantees provided by the Group for its subsidiaries and by certain relevant properties under development of the subsidiaries; RMB1,639,496,000 (31 December 2019: RMB1,265,000,000) were secured by guarantees provided by the Group for its subsidiaries and by investment properties and land use rights of the subsidiaries; RMB1,945,233,000 (31 December 2019: RMB1,738,255,000) were secured by intercompany guarantees between subsidiaries of the Group and by certain relevant properties under development of the subsidiaries.

As at 31 December 2020, the Group's pledged bank borrowings amounted to RMB3,660,000,000 (31 December 2019: RMB2,333,263,000). Of them, nil (31 December 2019: RMB833,263,000) were secured by the entitlement to the receivables to be generated from the sales of properties under development of the Group; RMB3,660,000,000 (31 December 2019: RMB1,500,000,000) were secured by the entitlement to the trade receivables of subsidiaries of the Group.

As at 31 December 2020, the Group's mortgaged and pledged bank borrowings were nil (31 December 2019: RMB1,055,000,000), which were secured by guarantees provided by the Group for its subsidiaries, investment properties and land use rights of the subsidiaries of the Group and the entitlement to trade receivables of the Group.

5. Corporate Bonds

In May 2015, the Group issued 5-year RMB listed bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum. The bonds had been fully settled in May 2020.

In April 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.50% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB640,000,000.

In June 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,700,000,000 with a prevailing interest rate of 4.40% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB750,000,000.

In July 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.10% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB380,000,000.

In September 2017, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB500,000,000 with a prevailing rate of 5.00% per annum. The bonds had been fully settled in September 2020.

In November 2017, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB500,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The bonds had been fully settled in September 2020.

In January 2018, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB1,000,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The bonds had been fully settled in September 2020.

In April 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 5.84% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 2.95% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year. The current balance is RMB200,000,000.

In July 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 3.10% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year. The current balance is RMB81,000,000.

In July 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.94% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.89% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 6.00% per annum.

In December 2018, the Group issued 3-year RMB denominated listed corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.16% per annum.

In December 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.50% per annum.

In January 2019, the Group issued 3-year RMB private bonds in a principal amount of RMB1,500,000,000 with an interest rate of 6.00% per annum.

In April 2019, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.30% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In April 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.58% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In May 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,460,000,000 with a prevailing interest rate of 4.37% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB2,130,000,000 with a prevailing interest rate of 4.26% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2019, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB2,000,000,000 with an interest rate of 5.40% per annum.

In March 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB790,000,000 with a prevailing interest rate of 3.65% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2020, the Group non-publicly issued 3-year RMB denominated private placement note in China's interbank market in a principal amount of RMB1,500,000,000 with an interest rate of 3.40% per annum.

In May 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,000,000,000 with a prevailing interest rate of 3.60% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB1,419,000,000 with a prevailing interest rate of 3.85% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2020, the Group non-publicly issued 2-year RMB denominated corporate bonds in a principal amount of RMB300,000,000 with a prevailing interest rate of 5.50% per annum.

In August 2020, the Group non-publicly issued 2-year RMB denominated corporate bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.40% per annum.

6. Notes

In February 2014, Central Plaza Development Ltd. ("Central Plaza") established a Guaranteed Medium Term Notes and Perpetual Securities Scheme (the "Scheme"), pursuant to which International Financial Center Property Ltd. ("IFC") or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza renewed the Scheme above, pursuant to which IFC or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD400,000,000 at an interest rate of 3.875% per annum. The above notes were repaid in January 2020.

In July 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principle amount of USD100,000,000 at an interest rate of 3.70% per annum. The above notes were repaid in June 2020.

In January 2018, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD2,000,000,000.

In January 2018, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD500,000,000 at an interest rate of 3.875% per annum.

In August 2018, Trade Horizon Global Limited issued 3-year notes in a total principal amount of USD400,000,000 at a prevailing interest rate of 4.84% per annum.

In October 2019, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD3,000,000,000.

In January 2020, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 5.5-year notes in a total principal amount of USD450,000,000 at an interest rate of 3.85% per annum.

In August 2020, Central Plaza issued 363-day notes in a total principal amount of USD200,000,000 at a prevailing interest rate of 4.50% per annum.

7. Equity Instrument

In September 2017, the Group through Huaxin International Trustee raised a total amount of RMB2,000,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,970,028,000 after deducting the inevitable dividend payable in the foreseeable future. The above notes had been fully settled in September 2020.

In December 2017, the Group through Sino-Australian International Trust raised a total amount of RMB1,100,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,024,650,000 after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, the Group issued a debt financing plan of RMB600,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB553,800,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2018, the Group issued a debt financing plan of RMB200,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB184,600,000 after deducting the inevitable dividend payable in the foreseeable future.

In June 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,988,000,000 after deducting issue expenses.

In August 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,991,000,000 after deducting issue expenses.

In August 2018, the Group issued a debt financing plan of RMB1,800,000,000. Other equity instruments recognized amounted to RMB1,735,200,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued perpetual debt notes of RMB870,000,000 through Sino-Australian International Trust. Other equity instruments recognized amounted to RMB796,050,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued a debt financing plan of RMB350,000,000. Other equity instruments recognized amounted to RMB337,400,000 after deducting the inevitable dividend payable in the foreseeable future. The above notes had been fully settled in September 2020.

In April 2019, the Group issued perpetual debt notes of RMB1,800,000,000 through AVIC Trust Co., Ltd. Other equity instruments recognized amounted to RMB1,685,346,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Group issued a debt financing plan of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,862,842,000 after deducting the inevitable dividend payable in the foreseeable future. The current balance is RMB452,842,000.

In April 2019, the Group issued perpetual medium-term notes of RMB1,000,000,000. Other equity instruments recognized amounted to RMB995,500,000 after deducting relevant expenses.

In November 2019, Central Plaza issued Perpetual Securities amounting to USD500,000,000 at a distribution rate of 5.75% under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuing costs, the Group received RMB3,470,846,000. As the issuer, Central Plaza may defer distribution without any frequency limitations only if Central Plaza or the Company do not declare or pay dividends. The Group has no contractual obligation to repay its principal or to pay any distribution. The perpetual securities do not meet the definition of financial liabilities by the Group. The Group recognized non-controlling interests amounting to RMB3,470,846,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In June 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB500,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB475,870,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In July 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB819,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB781,010,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In August 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB220,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB211,067,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In November 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB620,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB604,874,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In December 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB50,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB49,083,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In December 2020, the Group issued perpetual bonds of RMB1,000,000,000 at a distribution rate of 6.80% through Zhongyuan Trust. After deducting the inevitable dividend payable in the foreseeable future, other equity instruments were recognized amounting to RMB985,284,000.

8. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB11,666,064,000 at 31 December 2020 (31 December 2019: RMB6,919,548,000). Such guarantees will be terminated upon: (i) the issuance of the real estate interestship certificates which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate other right certificates relating to the relevant property.

As at 31 December 2020, the Group provided a guarantee of RMB254,490,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB27,720,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB585,976,000 for a long term borrowing borrowed by an associate.

As at 31 December 2020, the Group provided a guarantee of RMB53,324,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB1,857,623,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB47,244,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB80,989,000 for a long term borrowing borrowed by an associate.

Save for the above, the Group had no other material external guarantee.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Li Songping (李松平), aged 58, was appointed as non-executive Director in February 2016 and was appointed as Chairman of the Company in August 2016. Mr. Li is a senior economist and senior accountant. Mr. Li joined Capital Group in March 2006, and has served as a member of the party organization, deputy general manager, a member of standing party committee and director, and held the position of deputy party secretary, director and general manager of Capital Group since November 2015. Mr. Li has also served as a non-executive director of Capital Grand from February 2016 to December 2016. Prior to joining Capital Group, Mr. Li worked at State-owned 761 Factory from August 1984 to March 1995, successively served as the accountant and assistant of finance section and the deputy director and the director of the finance department, and became the deputy plant manager since 1994. From March 1995 to April 1996, he was the deputy director of Electronics Industry Office of the People's Government of Beijing Municipality. From April 1996 to July 1997, he was the director and the general accountant of Beijing Jingzhi Electronics Co., Ltd. From July 1997 to March 2000, he was the director and the general accountant of Beijing Electronic Information Industry (Group) Co., Ltd.. From March 2000 to March 2006, he was the director, the general accountant and member of standing committee of Beijing Electronics Holdings Co., Ltd.. Mr. Li obtained a Master's degree in Management from Changchun University of Science and Technology in 2009.

EXECUTIVE DIRECTORS

Zhong Beichen (鍾北辰), aged 46, was appointed as executive Director of the Company in April 2018, and was appointed as President of the Company in April 2018. Mr. Zhong served as architect of the Planning and Design Institute of the Department of Light Industry of the PRC from June 1996 to May 2000. Mr. Zhong served as architect of Beijing Sunshine Real Estate Comprehensive Development Company from May 2000 to December 2002, served as sales manager of Beijing Heng Yang Hualong Real Estate Co., Ltd. from December 2001 to December 2003, and served as deputy general manager of Beijing Anhua Shiji Real Estate Development Co., Ltd., a subsidiary of the Company, deputy general manager of the Commercial Property Development Department of Beijing Sunshine City Real Estate Development Co., Ltd., and general manager of the Product R&D Centre of the Company from December 2003 to May 2010 successively. Mr. Zhong served as vice president of Outlets Investment Management Limited from June 2010 to August 2011. Mr. Zhong served as Assistant President and general manager of Real Estate Development Department, Vice President and general manager of Real Estate Development Department from September 2011 to December 2013. Mr. Zhong was appointed as executive director and chief executive officer of Capital Grand from January 2014 to January 2017 and was appointed as Vice President of the Company from Jan 2017 to April 2018. He was appointed as executive director and chairman of the board of Capital Grand since January 2017. Mr. Zhong obtained his Bachelor's degree in Architecture from Xiamen University in 1996.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Huang Ziquan (黃自權), aged 55, was appointed as executive Director of the Company in November 2020, and has been the Party Committee Secretary of the Company since October 2020. From July 1984 to August 1988, Mr. Huang served as the deputy secretary and the secretary of Beijing Pinggu County Normal School. He then worked for more than a decade in the government body of Pinggu County, Beijing, including serving as the member of the Standing Committee of the Party Committee of Pinggu County, the party secretary and director of the Pinggu County Planning and Economic Committee. From March 1999 to September 2009, Mr. Huang successively served as the deputy general manager of Beijing Nengda Development and Trading Company, the general manager of Beijing Shouchang Nengda Investment Development Company Limited and the deputy general manager of Beijing Municipal Economic Development Investment Company. From September 2009 to October 2015, Mr. Huang successively served as the deputy general manager, general manager and secretary of the party branch of Beijing Agriculture Guaranty Co., Ltd., during which he was the deputy secretary of the party committee of Beijing Agricultural Investment Co., Ltd. from October 2014 to October 2015. From October 2015 to October 2020, Mr. Huang served as the director, general manager, secretary of the party committee and chairman of Beijing Capital Investment & Guarantee Co., Ltd.. Mr. Huang obtained Master of Science degrees from the University of International Business and Economics and the NEOMA Business School, Reims Management School in France in July 2014.

Hu Weimin (胡衛民), aged 56, was appointed as executive Director of the Company in April 2018, and was appointed as Vice President of the Company since December 2008. From 1988 onwards, Mr. Hu served in Beijing Shougang Corporation, China Shougang International Trade & Engineering Corp. and Beijing Certified Public Accountants Co. Ltd. successively, mainly engaged in technological management, investment management and investment consultancy. He joined Capital Group in 1999 as the manager of the investment banking department of Beijing Guanwei Investment Management and Consultancy Company. Mr. Hu joined the Company in 2003, and was appointed as Assistant President of the Company in January 2007. Mr. Hu served as Secretary of the Board of Directors of the Company from August 2007 to March 2016. Mr. Hu obtained his master degree in engineering from Northeastern University in 1988.

Fan Shubin (范書斌), aged 52, was appointed as executive Director of the Company in April 2018, and was appointed as Vice President and Chief Financial Officer in October 2016. Mr. Fan served as the head of the Accounting Department of China Nonferrous Metals Industry Technology Development Company Limited from August 1992 to February 1995. He served as the manager of the Financial Department of China Rare Earth Development Company from March 1995 to April 2002. He joined Capital Group in May 2002 and served as the general manager of the Financial Management Department of Beijing Capital Co., Ltd., deputy general manager of the Planning and Financial Department and the general manager of the Financial Management Department of Capital Group. He served as Supervisor of the Company from December 2011 to October 2016. He obtained a Bachelor's degree in Accounting of Industrial Enterprises from North China University of Technology in July 1991 and an MBA degree from Guanghua School of Management, Peking University in July 2000.

NON-EXECUTIVE DIRECTOR

Sun Baojie (孫寶杰), aged 50, was appointed as non-executive Director of the Company in January 2021, and is the deputy general manager of Capital Group. Ms. Sun worked for Beijing Sunshine City Real Estate Development Co., Ltd. and its subsidiaries from July 1993 to October 2001. From October 2001 to February 2004, Ms. Sun was the general manager of Beijing Hengyang Hualong Real Estate Development Co., Ltd.. From February 2004 to January 2006, she was the general manager of Beijing Anhua Shijie Real Estate Development Co., Ltd. and the general manager of Beijing Sunshine City Real Estate Development Co., Ltd.. From January 2006 to October 2013, she was the vice president and executive vice president of the Company. From October 2013 to August 2016, she was, among others, a director and general manager of Beijing Capital Investment and Development Co., Ltd. (also formerly known as Beijing Capital Construction Co., Ltd.). Ms. Sun has been the deputy general manager of Capital Group since October 2016. She also served as director and chairman of various subsidiaries of Capital Group, including a non-executive director of the Company from May 2016 to October 2017 and has been the chairman of Capital Jingzhong (Tianjin) Investment Co., Ltd. since August 2017. Ms. Sun graduated from the Faculty of Investment and Economic Management of The Central University of Finance and Economics with a bachelor degree of economics in July 1993 and obtained a Master's Degree of Business Administration from the International MBA Program jointly organized by the Peking University and Fordham University in the United States in May 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Wang (李旺), aged 57, was appointed as an independent non-executive Director of the Company in December 2014. Mr. Li is a professor and a mentor for doctoral students in the School of Law of Tsinghua University, and a director of both Beijing Law Society and Chinese Society of International Law. From April 1993 to March 1994, Mr. Li has served as an assistant lecturer in the School of Law of Kyoto University in Japan. Mr. Li has been a lawyer in Sakamoto Law Firm in Japan, Oh-Ebashi LPC & Partners in Japan and J&R Law Firm in Beijing since April 1994 to November 1997 successively. Since November 1997, Mr. Li has been a lecturer, associate professor and a mentor for doctoral students in the School of Law of Tsinghua University. From October 2000 to October 2015, Mr. Li has been a lawyer in the TCHHF Law Firm in Beijing. Mr. Li has been a lawyer in the Tian Tai Law Firm in Beijing since October 2015. Mr. Li has been an external supervisor of Agricultural Bank of China, whose A shares are listed on the Shanghai Stock Exchange (Stock Code: 601288) and H shares are listed on the Stock Exchange (Stock Code: 1288) since June 2015. Mr. Li obtained his Bachelor degree in Laws from China University of Political Science and Law in 1986, Master degree in Laws from Kyoto University in Japan in 1990, and Doctoral degree in Laws from Kyoto Sangyo University in Japan in 2005.

Wong Yik Chung, John (黃翼忠), aged 54, was appointed as independent non-executive Director of the Company in April 2016. Mr. Wong obtained his Bachelor degree in Economics from the University of Melbourne, Australia in 1991. Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of Australian Society of Certified Practising Accountants. He also obtained a PRC Certificate of Independent Directorship in 2011. Mr. Wong has been the director of Vantage Capitals Ltd. since January 2011. Mr. Wong was appointed as director of Green Park Greater Dynamic Growth Fund since August 2018. Mr. Wong was appointed as the independent non-executive director of Perfect Optronics Limited (Stock Code: 8311) with effect from January 2014 and EcoGreen International Group Limited (Stock Code: 2341) with effect from June 2004 and Long Ji Tai He Holding Limited (Stock Code: 1281) with effect from October 2015 and Xinjiang Xinxin Mining Industry Co., Ltd. (Stock Code: 03833) with effect from May 2019 to October 2020.

Liu Xin (劉昕), aged 51, was appointed as independent non-executive Director of the Company in December 2017. Mr. Liu is a professor and a PhD tutor of the Institute of Public Organisation and Human Resources at the School of Public Administration and Policy in Renmin University of China, and he is also a researcher at the Institute of Development and Strategy in Renmin University of China. During 1987 to 1997, he studied in the School of Labour and Human Resources in Renmin University of China and was the first student in the PRC who obtained a Doctorate in Labour Economics (Human Resources Stream). He has been teaching in Renmin University of China since his graduation in 1997. From August 1998 to July 1999, Mr. Liu served as a visiting tutor at Ghent University in Belgium. From August 2009 to July 2010, Mr. Liu served as a senior visiting tutor of the Fulbright Program at Harvard University in the US. From September 2011 to January 2012, Mr. Liu served as a postgraduate course professor of Gerald R. Ford School of Public Policy, University of Michigan in the US. From 2003 to 2013, he served as a chief expert and senior partner of Beijing Boom HR Consulting Co., Ltd to participate in the management and operation of the company. Mr. Liu is currently a deputy chairman and chief secretary of China's Association of Human Resource Management Teaching and Practicing, a senior technical titles review expert of Ministry of Human Resources and Social Security of the PRC, a member of Performance Assessment Committee of State Administration of Taxation. Mr. Liu was appointed as the independent non-executive director of Sinic Holdings (Group) Company Limited (Stock Code: 2103) with effect from November 2019.

SUPERVISORS

Deng Wenbin (鄧文斌), aged 44, was appointed as Supervisor of the Company in April 2018. Mr. Deng joined Capital Group in October 2013 and served as the deputy general manager of the Strategic Planning Department from October 2013 to June 2016. Mr. Deng was the general manager of Corporate Management Department from June 2016 to April 2017. Since April 2017, Mr. Deng became the general manager of Strategic Planning Department. Since May 2019, Mr. Deng became the Director of Strategic of Capital Group, the deputy general manager of the Strategic Planning Department and the Director of Scientific and Technological Innovation Promotion Office. Mr. Deng started his career in July 1999. Prior to joining Capital Group, Mr. Deng served in China Siwei Surveying and Mapping Technology Co., Ltd., Beijing Chuansi Technology Co., Ltd., Beijing Infrastructure Investment Co., Ltd., Beijing Municipal Commission of Development and Reform and the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government successively. Mr. Deng obtained his master's degree in engineering from Beijing Jiaotong University in July 2004.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Jiang Hebin (蔣和斌), aged 50, was appointed as Supervisor of the Company in December 2011. Mr. Jiang served as a project budget engineer of Beijing Central Iron & Steel Research Institute, a senior supervisor of the Planning and Consultation Department of China Energy Conservation Investment Corporation, and a budget engineer of Beijing Sunshine Real Estate Development Comprehensive Development Company from 1993 to 2002. Mr. Jiang joined the Company in December 2002. From December 2002 to February 2017, he served as a tendering supervisor of the Department of Operation Management of the Company, a contractual budget manager, assistant to general manager and deputy general manager of Beijing Anhua Shiji Real Estate Development Company Limited, a senior professional manager and the general manager of the Cost Control Center of the Company, the general manager of the Risk Control Center of the Company and the general manager of the Strategic Procurement Center of the Company successively. Mr. Jiang is the general manager of Beijing Lize Financial Business District Holdings Company since October 2016 to February 2021. Mr. Jiang was appointed as the safety officer of the Company from November 2017 to February 2019. Mr. Jiang served as the safety officer and the general manager of the Operation Management Center of the Company since February 2021. Mr. Jiang obtained a Bachelor degree in Works Pricing Management from Jiangxi University of Science and Technology in 1993 and obtained a Master degree in Management Science and Engineering from the Graduate University of Chinese Academy of Sciences in 2007.

Tang Yanan (湯亞楠), aged 40, was appointed as Supervisor of the Company in July 2018. Ms. Tang is a senior accountant. Ms. Tang joined Capital Group since February 2006 and had served as head of accounting of the Accounting Information Department of Beijing Capital Co., Ltd., accountant and assistant to general manager of the Financial Management Department of Capital Group, and served as deputy general manager of the Financial Management Department of Capital Group since January 2017. Ms. Tang served as Supervisor of the Company from November 2016 to April 2018. Prior to joining Capital Group, Ms. Tang served as an auditor of Beijing Jingdu Certified Public Accountants from August 2003 to February 2006. Ms. Tang obtained a Bachelor's degree in Management from the School of Business Administration of the Jingdezhen Ceramic Institute, Jiangxi Province in 2003 and a Master of Science from Hong Kong Baptist University in 2013.

SENIOR MANAGEMENT

Li Xuhua (李旭華), aged 44, was appointed as Vice President of the Company in January 2017. Mr. Li was a civil engineer of Beijing Urban Construction and Construction Engineering Co., Ltd. from July 1998 to November 2000, and a service manager of Beijing Vanke Enterprise Co., Ltd. customer service center from November 2000 to March 2004. Mr. Li joined the Company in April 2004 and served as senior manager of Marketing Department, assistant general manager of Brand Marketing Center of the Company, assistant general manager and deputy general manager of Chongqing Company and deputy general manager and general manager of Qingdao Company and general manager of Shanghai Company successively. He was appointed as the Assistant President from May 2016 to December 2016, and served as a general manager of the Company in Eastern China region since October 2018. Mr. Li obtained a bachelor's degree in engineering from Harbin University of Architecture in 1998.

Xu Kai (徐鐸), aged 45, was appointed as Vice President of the Company in January 2018. Mr. Xu served in Zhongxie Shenzhen Investment Company Limited and engaged in investment management from July 1997 to October 1998. Mr. Xu served as a property consultant at WorldUnion Property Consultancy Co., Ltd. from October 1998 to September 2001. He later served as a marketing manager at Beijing Vantone Real Estate Co., Ltd from September 2001 to June 2005. Mr. Xu joined the Company in June 2005 and had served as the specialized manager and senior manager of Investment Management Center, senior manager of the Brand Marketing Center and the project manager of the Wanning Project of the Company successively. Mr. Xu served as the general manager of Strategic Investment Center of the Company since July 2014. He also served as the general manager of the Operation Management Center of the Company from September 2015 to May 2016. He appointed as Assistant President of the Company from June 2016 to January 2018. Mr. Xu also served as the general manager of Shenzhen Company from June 2016 to February 2017 and from July 2017 to October 2018. He was also appointed as the general manager of Beijing Capital Land Guangdong-Hong Kong-Macao Area Co., Ltd. from October 2018 to December 2019. Mr. Xu obtained a bachelor's degree in Economics from Wuhan University in 1997.

SECRETARY OF THE BOARD OF DIRECTORS

Qin Yi (秦怡), aged 42, was appointed as Secretary of the Board of Directors since March 2016. Ms. Qin served in the financial department of Beijing Saike Pharmaceutical Co., Ltd. from 2000 to 2001. Ms. Qin joined the Company in July 2004 and served as a professional supervisor of business development department, senior manager of Strategy Development Centre, assistant general manager and deputy general manager of Capital Management Centre respectively. Ms. Qin has served as general manager of Capital Management Centre since February 2014, and Ms. Qin also served as a non-executive director of Capital Grand since December 2018. Ms. Qin obtained a Bachelor degree in Economics from China Institute of Finance and Banking in 2000 and a Master degree in Economics from School of Economics from Peking University in 2004.

COMPANY SECRETARY

Lee Sze Wai (李斯維), aged 38, was appointed as Company Secretary since November 2014. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Governance Institute (formerly known as Institute of Chartered Secretaries and Administrators) and the Hong Kong Institute of Chartered Secretaries. He is a charterholder of Chartered Financial Analyst. From February 2010 to August 2011, he served as financial controller and company secretary of Greenfield Chemical Holdings Limited (Stock Code: 582). From August 2011 to November 2014, he worked with Allied Group Limited (Stock Code: 373) as an assistant company secretary. He was the company secretary of Allied Overseas Limited (Stock Code: 593) from March 2012 to January 2014. He was the company secretary of Capital Grand from October 2015 to August 2019 and since September 2020. Mr. Lee obtained his Bachelor degree in Economics and Finance from the University of Hong Kong in 2004.

DIRECTORS' REPORT

The Board of Directors is pleased to present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in real estate development and investment, commercial real estate operation, property consulting services and investment holding.

BUSINESS REVIEW

The business review of the Group in accordance with Schedule 5 of Hong Kong Companies Ordinance is set out in "Management Discussion and Analysis" section of this annual report. A discussion of the Company's environmental policies and performance and an account of the Company's relationship with its key stakeholders will be disclosed in detail in the 2020 Environmental, Social and Corporate Governance Report to be published separately by the Company.

RESULTS

The results of the Group for the year ended 31 December 2020, prepared in accordance with China Accounting Standards for Business Enterprises and its financial position as at the same date are set out on pages 107 to 114 of the annual report.

DIVIDENDS

At a Board meeting held on 29 March 2021, the Board resolved not to declare any final dividend in respect of the year ended 31 December 2020 (2019: RMB0.17 per share).

DONATION

In 2020, the Company made a targeted donation of RMB1 million to impoverished areas in the Inner Mongolia Autonomous Region.

2020 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

2020 Annual General Meeting is expected to be convened on 20 May 2021. The register of members will be closed from Friday, 14 May 2021 to Thursday, 20 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 13 May 2021.

OTHER RESERVES

Details of movements of other reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 113 of this annual report and the Company Statement of Changes in Equity on page 114 of this annual report. As at 31 December 2020, the distributable reserves of the Company amounted to approximately RMB-1,170 million.

FINANCIAL HIGHLIGHTS AND FIVE YEAR FINANCIAL SUMMARY

The Group's results and summary of assets and liabilities for the last five years are set out on page 5 of this annual report.

KEY RISK FACTORS

The following paragraphs lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Policy Risks:

As one of the pillar industries for China's national economic development, the real estate sector is closely correlated to factors such as the development of the national economy and the growth of residents' income, and hence is to a large extent subject to the macroeconomic regulation and control as well as industrial policies. In light of a series of regulatory policies on the real estate sector launched by the central and local governments in recent years in response to any changes in China's macroeconomic situation and structural adjustments made in the real estate sector, the policies regarding the real estate industry, financial and credit policies, taxation policies and land policies imposed on the Company may be subject to adjustment. The uncertainty associated with those policies may expose the Group to risks and in turn cause adverse effects to the Group's investment, operation and sales.

In order to better cope with the opportunities and challenges brought about by policy changes, the Company paid close attention to industry policies and responded to the call of the state in a timely manner so as to grasp the opportunities of transformation and upgrading, and continuously innovated and expanded its business, thereby spreading risks and seizing the market development opportunities.

Capital Risks:

The real estate sector is a capital-intensive industry. In recent years, with the tightened control of the state over the real estate finance, the real estate enterprises had limited access to the financing channels and the financing costs had been rising continuously. In the second half of 2020, with the pilot implementation of the "Three Red Lines" and the "Bank Concentration Management", the Company is facing a more demanding financing environment.

The Company had been actively exploring diversified financing channels and innovating its financing methods. In addition to quickening turnover and accelerating payback, the Company strengthened the centralized management of funds by establishing a fund department, which was responsible for coordinating the management of the Company's funds used for investment, financing and business chains, ensuring the safety of the Company's funds and meeting the funds needed for the Group's projects development. The Company also established a finance platform Prime Golden Capital, to facilitate the deep integration between the real estate and finance sectors and attract more public funds for the project development.

KEY RISK FACTORS *(Continued)*

Market Risks:

The real estate enterprises compete for the land purchase intensely; local governments introduced various policies designed to impose restrictions on the real estate pricing, purchase and mortgage; the property buyers' demand for real estate products and related services is increasingly diversified and customized while desiring higher quality of products and related services; and the products in the real estate market are becoming more diversified. Accordingly, the market competition becomes fiercer. If the Company can not launch any real estate products that meet consumer's demands by timely understanding the geographical location, planning design, product pricing, ancillary services and product features and accurately responding to changes in consumers' demands, it may record poor sales from some of such products because of unclear positioning or scant demand, which will in turn do harm to the economic benefits of the Company.

The Company strategically focuses on the three city-clusters (namely Beijing-Tianjin-Hebei, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area), and proactively deployed resources to second-tier single-core cities with huge potential, thereby reducing the risk of relying on particular markets. Furthermore, the Company strengthens its regional research to make precise investments, adjusts its investment pace according to national policies and market development in a timely manner, and allocates resources based on market-oriented principle so as to seize new opportunities in cities.

Operational Risks:

As for the real estate project, the lengthy development cycle, the complicated construction environment, the substantial amount of investment, lots of cooperation companies from various industries involved, any default of clients, suppliers and business partners and insufficiency or errors of the internal controls may have an adverse impact on the Company's business operation.

The Company comprehensively upgraded the "BCL Intelligently Made 2025" operating system to continue to enhance the core competitiveness of products. Through strict selection of cooperative suppliers, the Company implemented strategic procurement and survival of the fittest for suppliers. In addition, the Company improve the comprehensive management of progress, quality and safety of construction, in order to mitigate the construction risks and emphasize safe development.

Overseas Operation Risks:

The Company also has investment in overseas properties and such investment has reached a certain scale. The fluctuation of the exchange rate between Renminbi and US dollar increased the foreign exchange risk faced by the Company's overseas investment. In addition, these overseas properties business may also be adversely affected by the epidemic of COVID-19 and changes in the international situation.

In face of the changes in the international situation, the Company will take a prudent approach to continue to monitor the situation, and consider to make adjustments to its overseas investment portfolio and strategy from time to time. The Company has also established a ongoing foreign exchange risk monitoring mechanism, and set up a foreign exchange risk management committee as the decision-making body of foreign exchange risk management, thus establishing a three-level foreign exchange risk management structure with the participation of the committee, the group headquarters and the front-line companies. Besides, in order to mitigate the exchange rate risk and guarantee the security of investment, the Company has purchased a variety of foreign exchange products for foreign currency investment.

KEY RISK FACTORS *(Continued)*

COVID-19 risk:

Since the beginning of 2020, the epidemic of COVID-19 has spread rapidly and continuously triggered a chain reaction, subjecting the global market to sharp fluctuation, reducing the macroeconomic and industrial environment into uncertainty, and challenging the real estate industry severely. The Company's business has been affected in many aspects, such as project development, contracted sales and commercial operation; if the epidemic recurs, the Company's business may be further affected.

As of the reporting date, the epidemic has not ended, the risk of imported cases from abroad still exists, which imposes continuing impact on housing enterprises. The Company has implemented various measures such as online marketing platform, project development milestones adjustment, and prudent and safe investment strategy to minimize the impact of the epidemic and ensure the Company's steady operation.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's total purchase of goods and services from its five largest suppliers accounted for about 40.29% and the Group's total revenue from sales of goods and services to its five largest customers accounted for about 9.21%. The Group's total purchase of goods and services from the largest supplier accounted for about 11.08% and the Group's total revenue from sales of goods and services to the largest customers accounted for about 4.55%.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

FIXED ASSETS

Details of the movement of fixed assets of the Group during the year are set out in note 4(14) to the consolidated financial statements.

PRINCIPAL PROPERTIES

The summary of principal properties owned by the Group is set out on pages 8 to 14 of the annual report.

INVESTMENT PROPERTIES

Details of the movement of investment properties of the Group during the year are set out in note 4(13) to the consolidated financial statements.

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

In the year ended 31 December 2020, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

DEBENTURES

Details of the debentures issued by the Company and subsidiaries of the Company during the year are set out in note 4(29) to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

As of 31 December 2020, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

DIRECTORS AND SUPERVISORS

The directors and supervisors for the year are as follows:

Directors

Non-Executive Director

Mr. Li Songping (*Chairman*)

Executive Directors

Mr. Zhong Beichen (*President*)

Mr. Huang Ziquan (Appointed on 26 November 2020)

Mr. Li Xiaobin (Resigned on 26 November 2020)

Mr. Hu Weimin

Mr. Fan Shubin

Non-Executive Directors

Ms. Sun Baojie (Appointed on 13 January 2021)

Mr. Su Jian (Resigned on 13 January 2021)

Independent Non-Executive Directors

Mr. Li Wang

Mr. Wong Yik Chung, John

Mr. Liu Xin

Supervisors

Mr. Deng Wenbin

Ms. Tang Yanan

Mr. Jiang Hebin

The biographical details of directors, supervisors and senior management are set out on pages 62 to 67 of the annual report.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE EMOLUMENTS

Details of directors, supervisors and chief executive emoluments are set out in note 9(8)(a) to the consolidated financial statements.

HIGHEST PAID INDIVIDUALS

Details of the five individuals with the highest remuneration of the Group during the year are set out note 9(9) of the consolidated financial statements.

MANAGEMENT CONTRACTS

Except for the connected transactions as stated in this report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2020, none of the directors, supervisors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. None of the directors, supervisors and chief executive of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for equity or debt securities of the Company, nor had any of them exercised such rights during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Apart from service contracts in relation to the Company's business, no contract of significance to which the Company, its holding company, any of its subsidiaries or its fellow subsidiaries was a party, and in which a director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

Pursuant to Rule 8.10(2)(b) of the Listing Rules, the Company discloses that during the year and up to the date of this report, the following directors of the Company are also directors of Beijing Capital Grand Limited ("Capital Grand"):

Name of Director	Position held in Capital Grand
Zhong Beichen	executive director and chairman of the board

Capital Grand is a listed subsidiary of the Company, which is principally engaged in commercial property development, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlet retail-property projects in PRC. As the board of directors of the Company and the board of directors of Capital Grand operate independently, the businesses of the Company and Capital Grand can be operated independently on a fair basis.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS *(Continued)***Non-competition undertaking between the Company and Capital Grand**

On 28 June 2016, the Company entered into the amended non-competition deed (the "First Amended Non-Competition Deed") with Capital Grand to delineate the business of the Company and Capital Grand by cities and businesses, the details of which are set out in the circular of the Company dated 30 June 2016, and the First Amended Non-Competition Deed has come into effect on 18 July 2016.

On 10 October 2018, the Company entered into the second amended non-competition deed (the "Second Amended Non-Competition Deed") with Capital Grand to replace the First Amended Non-Competition Deed in its entirety and to delineate their businesses according to (i) usage of the land and properties to be developed and (ii) the business models, the details of which are set out in the circular of the Company dated 14 November 2018, and the Second Amended Non-Competition Deed has come into effect on 30 November 2018.

The Company confirms that it has complied with the non-competition undertaking under the Second Amended Non-Competition Deed during the year of 2020.

SHARE CAPITAL

As at 31 December 2020, There is a total issued share capital of 4,362,940,850 shares of the Company (the "Shares") which include:

	Number of Shares	Approximate percentages of share capital
Domestic Shares (Note 1)	2,473,808,550	56.70%
Non-H Foreign Shares	357,998,300	8.21%
H Shares (Note 1)	1,531,134,000	35.09%

Note 1: On 9 December 2019, the Company proposes to raise approximately RMB2,546 million (approximately HK\$2,832 million) before expenses by way of the Rights Issue of 1,513,980,000 Rights Shares (comprising 510,378,000 H Rights Shares, 824,602,850 Domestic Rights Shares and 178,999,150 Non-H Foreign Rights Shares) on the basis of 5 Rights Shares for every 10 existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$1.87 per H Rights Share, RMB1.68 per Domestic Rights Share and HK\$ equivalent of RMB1.68, being HK\$1.87 per Non-H Foreign Rights Shares payable in full on acceptance.

Note 2: The details in changes share capital during the year are set out in note 4(33) to the consolidated financial statements.

SHARE CAPITAL (Continued)

The purpose of the Rights Issue is to (i) strengthen the financial position of the Group and the financial stability of the Group and support the continuing and sustainable business development of the Group; (ii) improve the quality of the Group's financial resources through reducing the Group's gearing and the related financial costs; and (iii) increase the liquidity of and facilitate trading in the Company's H Shares, thus realising the Group's inherent values.

On 22 January 2020, the Company announced that it had issued 824,602,850 domestic shares, 0 non-H foreign shares and 510,378,000 H shares in accordance with the relevant terms of the rights issue, and raised approximately RMB2,230,046,568.06 before expenses.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

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

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Beijing Capital Group Co., Ltd. ("Capital Group")	2,473,808,550 (Note 1)	Non-listed Shares	87.36 (long position)	–	87.36	56.70 (long position)	–	56.70
Beijing Rongtong Zhenghe Investment Management Co., Ltd.	357,998,300 (Notes 1 and 2)	Non-listed Shares	–	12.64 (long position)	12.64	–	8.21 (long position)	8.21
Guoda Limited	357,998,300 (Note 3)	Non-listed Shares	–	12.64 (long position)	12.64	–	8.21 (long position)	8.21
China Resource Products Limited	357,998,300 (Note 4)	Non-listed Shares	9.72 (long position)	2.92 (long position)	12.64	6.31 (long position)	1.90 (long position)	8.21
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	2.92 (long position)	–	2.92	1.90 (long position)	–	1.90
Reco Pearl Private Limited	181,194,000	H Shares	11.83 (long position)	–	11.83	4.15 (long position)	–	4.15
Recosia China Pte Ltd.	181,194,000 (Note 5)	H Shares	–	11.83 (long position)	11.83	–	4.15 (long position)	4.15
Recosia Pte Ltd.	181,194,000 (Note 6)	H Shares	–	11.83 (long position)	11.83	–	4.15 (long position)	4.15
GIC (Realty) Private Limited	181,194,000 (Note 7)	H Shares	–	11.83 (long position)	11.83	–	4.15 (long position)	4.15

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Notes:

1. 2,473,808,550 Shares are directly held by Capital Group. As at the Latest Practicable Date, China Resource Products Limited is held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group is not deemed to be interested in 275,236,200 Shares held through China Resource Products Limited and 82,762,100 Shares held through China Resource Products Limited and Yieldwell International Enterprise Limited pursuant to the SFO.
2. 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited and China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited, China Resources Products Limited and Yieldwell International Enterprise Limited.
3. 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resources Products Limited and Yieldwell International Enterprise Limited.
4. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
5. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
6. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd..
7. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

Save as disclosed above, so far as is known to the directors, there was no person (other than a director or chief executive of the Company) who, as at 31 December 2020, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DESIGNATED DEPOSIT AND DUE FIXED DEPOSIT

As at 31 December 2020, the Group had no Designated Deposit and Due Fixed Deposit.

EMPLOYEES

As at 31 December 2020, the Group had 4,540 staff. Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund.

The Group has also adopted, and was subsequently amended in 2018, the Long Term Incentive Fund Scheme, details of which have been disclosed in the circular dated 7 February 2018 and approved in the Annual General Meeting held on 24 February 2018.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.

CONNECTED TRANSACTIONS

- (a) On 2 April 2020, Beijing Xilangyuan Culture Development Limited* (北京西朗園文化發展有限公司) (“Xilangyuan”) (a subsidiary of the Company and as the lessor) and Beijing Qingyuan Culture Technology Co., Ltd.* (北京馨園文化科技有限公司) (“Qingyuan Culture”) (a connected person of the Company and as the lessee) entered into the Langyuan Lease Agreement to lease the Langyuan Park N5 Office Building, Shijingshan District, Beijing (“Langyuan Property”) for carrying out the cultural and creative business. At the same time,, Beijing Capital Langyuan Culture Development Co., Ltd.* (北京首創郎園文化發展有限公司) (“Capital Langyuan”) (a wholly-owned subsidiary of the Company) entered into a Entrustment Agreement with Qingyuan Culture, pursuant to which Capital Langyuan will be entrusted to operate the Langyuan Property, including, amongst others, the provision of leasing, promotion and operation management services. Furthermore, on 2 April 2020, Beijing Shouzhi Culture Technology Development Co., Ltd.* (北京首置文化科技發展有限公司) (“Shouzhi Culture”), a subsidiary of the Company, and Beijing Landa Culture Technology Development Co., Ltd.* (北京嵐達文化科技發展有限公司) (“Landa Culture”), a connected person of the Company, entered into the Jinma Entrustment Agreement (as defined in the relevant announcement), pursuant to which Shouzhi Culture will be entrusted to operate the Jinma Property (as defined in the relevant announcement), including, amongst others, the provision of property renovation and operation management services. Details have been disclosed in the announcement dated 3 April 2020.
- (b) On 18 September 2020, the Company entered into the Sponsorship Agreements (as defined in the relevant announcement) with Beijing Tennis Competition Marketing Co., Ltd.* (北京中國網球公開賽體育推廣有限公司) (“Beijing Tennis Competition Marketing”), a connected person of the Company, pursuant to which, among other things, the Company, as title sponsor, will sponsor the China Amateur Tennis Competition 2020 and the Tennis Stars Competition 2020 organised and managed by Beijing Tennis Competition Marketing with sponsorship fees of an aggregate amount of RMB15.5 million. Details have been disclosed in the announcement dated 18 September 2020.
- (c) On 11 November 2020, Prime Capital Qizhi (Tianjin) Investment Company Limited* (首金祺志(天津)投資管理有限公司) (“Prime Capital Qizhi”) (an indirect wholly-owned subsidiary of the Company) and Beijing City Green Foundations Development Company Limited* (北京市綠化隔離地區基礎設施建設有限公司) (“Green Foundations”), a connected person of the Company, entered into the Equity Transfer Agreement (as defined in the relevant announcement), pursuant to which, among others things, 1. Prime Capital Qizhi has conditionally agreed to sell, and Green Foundations has conditionally agreed to acquire 14.99% of the equity interest of the Beijing Chuangyue Xinke Real Estate Company Limited* (北京創閱新科置業有限公司) (“Beijing Chuangyue”) at a cash consideration of RMB869,435 and there shall be the Capital Contribution, being an amount of RMB14,990,000, by Green Foundations to Beijing Chuangyue in proportion to its equity interest; 2. Immediately upon completion, there shall be the Capital Increase of Beijing Chuangyue of an aggregate amount of RMB1,173,138,000 and RMB206,862,000, respectively on pro rata basis in accordance with the then equity interests of Prime Capital Qizhi and Green Foundations in Beijing Chuangyue; and 3. there shall be an unsecured Shareholder’s Loan of RMB472,185,000 by Green Foundations to Beijing Chuangyue at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into equity of Beijing Chuangyue as contributions to the Capital Contribution and the Capital Increase. Details have been disclosed in the announcements dated 11 November 2020, 2 December 2020 and 24 December 2020, and the circular dated 31 January 2021.

CONTINUING CONNECTED TRANSACTION

- (a) On 3 June 2016, the Company announced that the acquisition of the entire equity interest in Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司) (“Donghuan Xinrong”) has been completed. Donghuan Xinrong is a company established in the PRC and is primarily engaged in the property management and leasing of offices in Capital Building* (首創大廈). On 6 December 2019, Donghuan Xinrong and Capital Group renew the lease and entered into the Framework Lease Agreement, pursuant to which Donghuan Xinrong shall lease certain properties in Capital Building to Capital Group and its subsidiaries, for a term of three years. The annual caps (including the property management fees) for the amounts to be received by Donghuan Xinrong from Capital Group, calculated on an aggregate basis, as for the period from 6 December 2019 to 31 December 2019, for the year ended 31 December 2020, for the year ended 31 December 2021 and for the period from 1 January 2022 to 5 December 2022 shall be RMB3,918,000, RMB57,503,000, RMB61,729,700 and RMB61,437,000, respectively. Details have been disclosed in the announcement dated 6 December 2019.
- (b) On 17 February 2020, the Company and Capital Securities Co., Ltd.* (首創證券有限責任公司) (“Capital Securities”) entered into the Financial Services Framework Agreement, pursuant to which, Capital Securities shall provide underwriting and/or management services to the Group for the Group’s future offering of bonds and/or products in relation to asset securitization as the case may be, on terms to be provided in separate service agreements to be entered into. The term of the Financial Services Framework Agreement shall be effective from 17 February 2020 to 31 December 2022, subject to renewal by the parties. The annual caps for the service fees payable by the Group to Capital Securities shall be RMB35,000,000 for each of the financial years ending 31 December 2020, 31 December 2021 and 31 December 2022. Details have been disclosed in the announcement dated 17 February 2020.
- (c) On 2 April 2020, Xilangyuan (a subsidiary of the Company and as the lessor) and Qingyuan Culture (a connected person of the Company and as the lessee) entered into the Langyuan Lease Agreement to lease the Langyuan Property for carrying out the cultural and creative business. The annual caps of the rental income to be received by Xilangyuan under the Langyuan Lease Agreement for the three years ending 31 December 2020, 31 December 2021 and 31 December 2022 shall be RMB8,606,700, RMB15,778,950 and RMB15,778,950, respectively. At the same time, Beijing Capital Langyuan Culture Development Co., Ltd. (“Capital Langyuan”), a wholly-owned subsidiary of the Company, and Qingyuan Culture entered into the Langyuan Entrustment Agreement, pursuant to which Capital Langyuan will be entrusted to operate the Langyuan Property, including, amongst others, the provision of leasing, promotion and operation management services. The annual caps of entrusted management fee to be received by Capital Langyuan under the Langyuan Entrustment Agreement for the three years ending 31 December 2020, 31 December 2021 and 31 December 2022 shall be RMB4,740,000, RMB4,350,000 and RMB4,120,000, respectively.

Furthermore, on 2 April 2020, Shouzhi Culture, a subsidiary of the Company, and Landa Culture, a connected person of the Company, entered into the Jinma Entrustment Agreement, pursuant to which Shouzhi Culture will be entrusted to operate the Jinma Property, Haidian District, Beijing, including, amongst others, the provision of property renovation and operation management services. The annual caps of entrusted management fee to be received by Shouzhi Culture under the Jinma Entrustment Agreement for the three years ending 31 December 2020, 31 December 2021 and 31 December 2022 shall be RMB10,870,000, RMB6,500,000 and RMB6,650,000, respectively. Details have been disclosed in the announcement dated 3 April 2020.

CONTINUING CONNECTED TRANSACTION *(Continued)*

- (d) (i) On 10 February 2017, the Company, Capital Securities and Bank of Communications Corporation Limited (Beijing Branch) (交通銀行股份有限公司北京市分行) ("Custodian Bank") entered into the Asset Management Agreement, pursuant to which, among others, Capital Securities shall manage and invest the Entrusted Assets of an amount up to RMB350,000,000 of the Company for a term of three years commencing from the date of the initial Entrusted Assets (as defined in the relevant announcement) being deposited pursuant to the Asset Management Agreement. Pursuant to the Asset Management Agreement, the maximum daily balance managed by Capital Securities (including any accrued investment returns), being the annual caps for the Entrusted Assets, shall not exceed RMB350,000,000 for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019. Capital Securities shall receive the Performance Fee (as defined in the relevant announcement) in return and the annual caps for the Performance Fee payable by the Company to Capital Securities for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 shall be RMB6,510,000. Details have been disclosed in the announcement dated 10 February 2017.
- (ii) On 20 February 2017, the Company, Capital Securities and the Custodian Bank entered into the Supplemental Agreement, pursuant to which, among others, the maximum amount of the Entrusted Assets was revised to not more than RMB2,000,000,000. Pursuant to the Supplemental Agreement, the maximum daily balance (including any accrued investment returns) managed by Capital Securities, being the annual caps for the Entrusted Assets, shall not exceed RMB2,000,000,000 for each of the period from 20 February 2017 to 31 December 2017, the financial years ended 31 December 2018 and 31 December 2019 and for the period from 1 January 2020 to 15 February 2020. The annual caps for the Performance Fee (as defined in the relevant announcement) payable by the Company to Capital Securities for each of the period from 20 February 2017 to 31 December 2017, the financial years ended 31 December 2018 and 31 December 2019 and for the period from 1 January 2020 to 15 February 2020 shall be RMB32,105,000, RMB37,200,000, RMB37,200,000 and RMB4,689,000, respectively. Details have been disclosed in the announcement dated 20 February 2017.
- (iii) Reference is made to the continuing connected transactions mentioned in paragraphs (c)(i) and (c)(ii) above. On 22 May 2020, the Company, Capital Securities and the Custodian Bank entered into the 2020 Asset Management Agreement, pursuant to which Capital Securities shall provide asset management and investment services in respect of the Entrusted Assets (as defined in the relevant announcement) of not more than RMB1,600,000,000 for a term of three years commencing from the Initial Date. The maximum daily balance (including any accrued investment returns) managed by Capital Securities pursuant to the 2020 Asset Management Agreement, being the annual caps for the Entrusted Assets, shall not exceed RMB1,600,000,000 for the period from 22 May 2020 to 31 December 2020 and for each of the financial years ending 31 December 2021 and 31 December 2022. The annual caps for the Performance Fee (as defined in the relevant announcement) payable by the Company to Capital Securities for the period from 22 May 2020 to 31 December 2020 and for each of the financial years ending 31 December 2021 and 31 December 2022 shall be RMB15,360,000. Details have been disclosed in the announcements dated 20 February 2017, 13 March 2017, 7 April 2017, 13 April 2017 and 22 May 2020 and the circulars dated 4 May 2017 and 3 July 2020.

CONTINUING CONNECTED TRANSACTION *(Continued)*

- (e) On 2 September 2020, Beijing Ruiyuan Fengji Zhiye Company Limited* (北京瑞元豐吉置業有限公司) (“Ruiyuan Fengji”) (a wholly-owned subsidiary of the Company) entered into the Loan Agreement (as defined in the relevant announcement) with Youda Zhiye Company Limited* (北京優達置業有限公司) (“Youda Zhiye”) (a non wholly-owned subsidiary of the Company), pursuant to which Ruiyuan Fengji agreed to provide the Loan (as defined in the relevant announcement) to Youda Zhiye for a term of no more than three years and at an interest rate of 4.75% per annum. Pursuant to the Loan Agreement, the maximum daily outstanding balance (including principal amount and accrued interest) owed by Youda Zhiye to Ruiyuan Fengji under the Loan Agreement shall not exceed RMB203,936,000 on any day throughout the term of the Loan. The proposed annual caps for the maximum daily outstanding balance for the period from 2 September 2020 to 31 December 2020, for the years ending 31 December 2021 and 31 December 2022 and for the period from 1 January 2023 to 1 September 2023 shall be RMB181,311,000, RMB189,790,000, RMB198,268,000 and RMB203,936,000, respectively. Details have been disclosed in the announcement dated 2 September 2020.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions (a) were in the ordinary and usual course of business of the Group; (b) were undertaken on normal commercial terms or better terms; and that (c) the relevant transaction agreements were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole and such transactions have been carried out in accordance with the transaction agreements.

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors has engaged the auditor of the Company to conduct an examination of the above continuing connected transactions. The auditor has issued a letter setting out their conclusion of the continuing connected transactions of the Group disclosed above and it is concluded that they have not identified any matter that shows non-compliance with the Rule 14A.56 of the Listing Rules. The Board further wishes to add that the auditor of the Company has confirmed that the Continuing Connected Transactions (i) were approved by the Board; (ii) were conducted pursuant to the relevant agreements entered into; and (iii) were undertaken without caps being exceeded.

The Company confirms that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions set out above.

RELATED PARTIES TRANSACTION

During the year ended 31 December 2020, the Group had entered into certain related party transactions as set out in note 9(5) of the Notes to the Financial Statements and save and except for those connected transactions or continuing connected transactions under the Listing Rules in the sections headed “Connected Transactions” and “Continuing Connected Transaction” set out above, the other transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders’ approval requirements under the Listing Rules.

USE OF PROCEEDS FROM ISSUE OF NEW SHARES

(i) Issue of Domestic Shares

On 10 August 2015, the Company and Capital Group entered into a subscription agreement, pursuant to which Capital Group subscribed 1 billion new domestic shares of the Company in cash at a subscription price of RMB3.08 per share. The fund raising was completed on 22 October 2015, with net proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

According to the circular regarding the private issue of domestic shares of the Company dated 11 September 2015, approximately RMB1,342 million out of the proceeds was intended to be applied to investment into the three projects in the Beijing-Tianjin area, namely Phase I of Wuqing Project, Xanadu Building No. 5 Project and Shijingshan Project; approximately RMB1,116 million to be applied to investment and development of potential projects on the near future; and the remaining proceeds, representing approximately 20% of the total net proceeds, to be applied to enhance general working capital of the Company. As at 31 December 2020, the net proceeds were utilised for the following purposes:

The use of proceeds from the private issue of domestic shares in 2020 Unit: (RMB'million)

Intended use of proceeds as set out in the circular	Intended amounts to be utilized as set out in the circular	Actual amounts intended to be utilized (Note 1)	Actual amounts utilized as at 31 December 2020	Amounts not yet utilized as at 31 December 2020 (Note 2)
Phase I of Wuqing Project	313.5	313.5	313.5	–
Xanadu Building No. 5 Project	519.3	519.3	71.0	447.7
Shijingshan Project	510.1	510.1	510.1	–
Enhancement of general working capital	614.1	609.0	609.0	–
Investment and development of potential projects	1,116.0	1,116.0	1,116.0	–

Note 1: As mentioned in the circular regarding the private issue of domestic shares of the Company in 2015, approximately RMB3,073 million out of the gross proceeds after deducting the estimated issuance expenses was expected to be utilized for the aforesaid projects. On 22 October 2015, the fund raising was completed, with the actual proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

Note 2: As at 31 December 2020, the unutilized proceeds of the Company was deposited into the bank account opened with the Company. The remaining proceeds will be utilized according to the use of proceeds disclosed in the circular and the actual development plan of projects.

USE OF PROCEEDS FROM ISSUE OF NEW SHARES *(Continued)*

(ii) Rights Issue

Reference is made to the content related to “Proposed Rights Issue” in the section headed “Share Capital” above. According to the Company’s rights issue prospectus dated 24 December 2019, the funds raised by the rights issue of approximately RMB2,230,046,568.06 will be used to repay part of the Group’s existing domestic and overseas interest-bearing debts. As of 31 December 2020, the actual amounts utilized to repay interest-bearing debts were about RMB2,153,399,225.42, and the amounts not yet utilized were about RMB76,647,342.64.

LONG-TERM BORROWINGS

Details of the long-term borrowings of the Group are set out in note 4(28) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and related laws which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUBSIDIARIES

Details of the Company’s significant subsidiaries are set out in note 6(1) to the consolidated financial statements.

POLICIES ON INCOME TAX

The Company and its subsidiaries paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 84 to 100.

The Board has, among other things, reviewed the training and continuous professional development of Directors, the Company’s compliance with the respective code provisions of the CG Code for the year ended 31 December 2020 and made disclosures in this Corporate Governance Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of more than 25% of the Company’s issued shares as required under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the directors of the Company (whether made by the company or otherwise) or an associated company (if made by the Company).

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers Zhong Tian LLP, who retire and being eligible, offer themselves for reappointment. A resolution reappointing PricewaterhouseCoopers Zhong Tian LLP as the auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Li Songping
Chairman

Beijing, 29 March 2021

CORPORATE GOVERNANCE REPORT

The Company is firmly committed to maintaining high standards of corporate governance and continues to uphold a good, solid and sensible framework of corporate governance. The Board considers such commitment is essential for the development of the Company, in its internal management, financial management, balance of business risk and protection of shareholders' and stakeholders' rights and enhancement of shareholder value.

It has been the Company's prime mission to carry out a sound, steady and reasonable corporate governance structure:

- Sound corporate governance bases itself upon accountability system, information disclosure and corporate transparency. The Company acknowledges the importance to provide shareholders with an open and highly transparent management.
- Sound corporate governance may also promote communication with external parties, such that investors can appreciate more of the Company's development potential and future prospects, to comprehend investment value of the Company.
- The procedures and systems under sound corporate governance can improve operation efficiency of the Group, such that all divisions or departments can contribute to enhance performance of the Group through close and intimate communication.

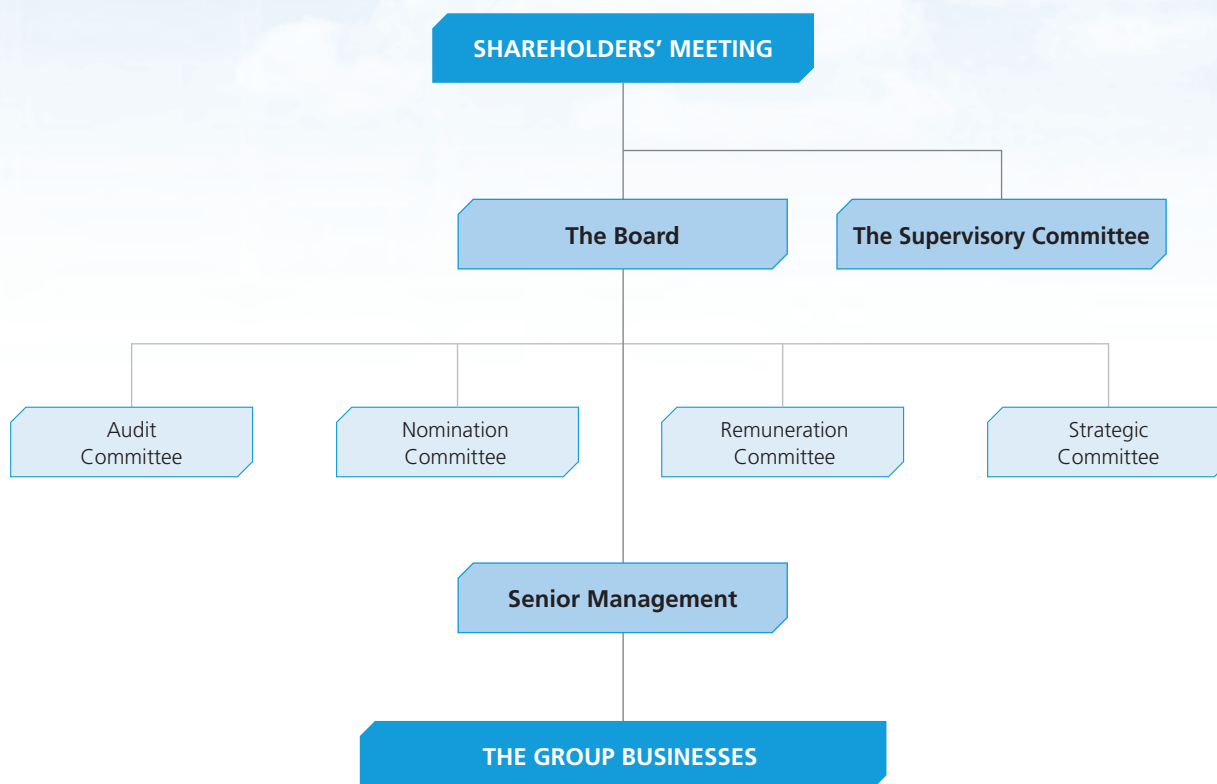
The Board has reviewed its corporate governance practices and ensured that they are in compliance with the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEX") (the "Listing Rules") in the year ended 31 December 2020.

In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code.

The status and details of the Company's corporate governance practices are set out below.

CORPORATE GOVERNANCE STRUCTURE

The Company's corporate governance structure sets below:



DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry made by the Group that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board comprises 9 Directors, including four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors; the profile of each Director is set out on pages 62 to 67 under the section of Biographical Details of Directors, Supervisors and Senior Management. The majority of the Directors are non-executive directors and independent of the management, thereby promoting critical review and control of the management process. The non-executive directors also bring a wide range of business, legal and financial expertise to the Board, which contribute to the effective stewardship of the Group.

RESPONSIBILITIES OF DIRECTORS

The Board is responsible for directing and supervising the overall business development of the Group in a responsible and effective manner. The Board maintains and promotes successful business development of the Group and endeavors to enhance shareholder value. The Board is under the leadership of the Chairman and each director makes decisions objectively in the overall interests of the Group. Control and day to day operation of the Company is delegated to the President and the management of the Company.

The Directors are aware of their collective and individual responsibilities to the Company and its shareholders for the manner in which the affairs of the Company are managed, controlled and operated. In general, the types of decisions which are to be taken by the Board in accordance with the Company's Articles of Association (the "Articles of Association") are as follows:

1. Authority in respect of the Company's development strategies and plan management:
 - (1) those requiring approval from the shareholders' general meeting:
 1. To work out mid-and-long term goals and strategies for the development of the Company;
 2. To propose plans related to the increase/decrease of registered capital of the Company or repurchase of the Company's shares;
 3. To propose plans related to the increase of the capital and shares of the Company;
 4. To propose plans for merger, spin-off or dissolution of the Company;
 5. To file an application for bankruptcy of the Company;
 6. To propose modifications to the Articles of Association;
 7. To consider the proposals for asset acquisition, purchase by third parties or asset disposal that shall be proposed at the General Meeting as required by the Listing Rules, the Measures for Administration of Related Party Transactions and the Articles of Association; and
 8. To propose detailed plans for changing the purpose of the funds raised by the Company.
 - (2) those that may be exercised by the Board at its discretion:
 1. To determine the plans related to the improvement of management and operation results of the Company;
 2. To determine the operation plans and audit work plans of the Company;
 3. To determine plans about the adjustment of important bodies within the Company or determine the working structure of the Board;

RESPONSIBILITIES OF DIRECTORS *(Continued)*

4. To determine the establishment of committees within the Board, or appointment or dismissal of committee members;
5. To determine all investment plans within the authority of the Board; and
6. To determine other important business management issues such as those which are not, by the laws, regulations and normative documents of securities regulatory authorities and stock exchanges, the Listing Rules, the Measures for Administration of Related Party Transactions and the Articles of Association or by these Rules, required to be determined by the General Meeting.

2. Authority in respect of the financial management of the Company is as follows:

(I) Authority subject to approval of the General Meeting:

1. To consider the annual financial budget plans and final accounts plans of the Company;
2. To formulate the Company's profit distribution policies, profit distribution plans or plans for loss recovery;
3. To consider the Company's plans for issuing bonds;
4. To consider the proposals for disposition of assets (such as asset pledge, lease or transfer) and financial assistance that shall be proposed at the General Meeting as required by the Listing Rules, the Measures for Administration of Related Party Transactions, the Articles of Association and other corporate governance documents.

For the purposes of these Rules, "Financial assistance" includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;

5. To propose plans for appointment/dismissal by the Company of an accounting firm.

(II) Authority exercised by the Board independently is as follows:

1. To manage disclosure of financial information of the Company; and
2. To consider connected transactions, major transactions or financial assistance such as those which are not, by laws, regulations, normative documents of securities regulatory authorities or stock exchanges or the Listing Rules, the Measures for Administration of Related Party Transactions, the Articles of Association and other corporate governance documents, required to be considered by the General Meeting.

RESPONSIBILITIES OF DIRECTORS *(Continued)*

3. Authority in respect of the management of personnel affairs of the senior management of the Company:
 - (1) those requiring approval from the shareholders' general meeting:
 1. To establish allowance standards for directors and prepare equity/option incentive (or similar incentives) plans;
 2. To consider qualifications of the candidates for the post of director or independent non-executive director; and
 3. To put forward proposals for removal of directors.
 - (2) those that may be exercised by the Board at its discretion:
 1. To determine policies and planning related to the development and use of human resources of the Company;
 2. To define major roles and authority of the General Manager, person in charge of finance, Secretary of the Board, authorised representative (as defined in the Listing Rules) and company secretary and the Audit Department;
 3. To appoint or dismiss the General Manager of the Company, authorised representative (as defined in the Listing Rules) and company secretary of the Company; to appoint or dismiss the Deputy General Manager or person in charge of finance of the Company based on nomination by the General Manager; to appoint or dismiss Secretary of the Board of the Company based on nomination by the Chairman of the Board; and
 4. To evaluate the work performance of the General Manager.
4. Authority in respect of supervision and inspection of the development and operation of the Company:
 1. To supervise the implementation of the development strategies of the Company;
 2. To supervise and inspect the implementation of the annual financial budget and final accounts of the Company; and inspect the completion of various plans;
 3. To evaluate the business performance of the Company on an annual basis so as to identify problems in the operation in a timely manner; give suggestions for improvement; and supervise the implementation of the same by the senior management of the Company;
 4. To evaluate as appropriate the plans for the improvement of the Company's operation and the effect thereof; and to investigate significant problems identified from operation results of the Company;

RESPONSIBILITIES OF DIRECTORS *(Continued)*

5. To identify obstacles encountered in the development of the Company, perceive the development tendency of the Company and give suggestions about the correction of the Company's development direction; and
6. To discuss all opportunities and risks for the development of the Company and changes in objective factors that have an extensive impact on the Company.

The Board held four on-site Board meetings and passed forty-eight written resolutions in 2020. Directors who cannot attend in person may participate through other electronic means of communication. Agenda to be discussed in Board meetings include business operation, project investment, financial transactions and future strategic development of the Company. Due notice and relevant materials for the meeting were given to all directors prior to the meetings in accordance with the Company's Articles of Association and the Corporate Governance Code. Details of individual attendance of directors are set out in the following table:

Attendance of individual Directors at Board meetings in 2020:

	Number of attendance/ Number of meeting
<i>Non-Executive Director</i>	
Mr. Li Songping	4/4
<i>Executive Directors</i>	
Mr. Zhong Beichen (<i>President</i>)	4/4
Mr. Huang Ziquan (Appointed on 26 November 2020)	0/4
Mr. Li Xiaobin (Resigned on 26 November 2020)	4/4
Mr. Hu Weimin	4/4
Mr. Fan Shubin	4/4
<i>Non-Executive Director</i>	
Mr. Su Jian	4/4
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	4/4
Mr. Wong Yik Chung, John	4/4
Mr. Liu Xin	4/4

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2020, the Directors have selected suitable accounting policies and applied them consistently; made judgement that are prudent, fair and reasonable. The Directors are responsible for keeping proper accounting records and ensure the preparation of financial statements of the Group for the year under review are in accordance with statutory requirements and suitable accounting policies.

RESPONSIBILITIES OF DIRECTORS *(Continued)*

The appointment of new Directors will be considered by the Nomination Committee (duties of the Nomination Committee is set out in the latter part of this report) and decided by all members of the Board. Candidates to be selected and recommended are experienced, high caliber individuals who meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules.

The Board has established a Policy on Obtaining Independent Professional Advice by Directors to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Group's expense. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director(s) to discharge his/their duties to the Group.

There is in place a directors and senior executive liabilities insurance cover in respect of legal action against directors and senior executives.

For the year ended 31 December 2020, the Board at all times complied the minimum requirements of the Listing Rules relating to the appointment of at least one-third of independent non-executive directors and complied with the requirement that these should include one such director with appropriate professional qualifications of accounting or related financial management expertise.

The interests in the Company's securities held by Directors as at 31 December 2020 are disclosed in the Directors' Report on page 73 of this annual report.

There is no relationship among members of the Board and in particular, between the Chairman and the President.

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to the Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Since 1 April 2012, the Company prepares monthly operation updates to all directors to enable them to aware the Company's latest business development, competition and supervisory environment and provide other relevant information that may affect the Company and the real estate sector so as to strengthen the directors understanding of the business and the market.

RESPONSIBILITIES OF DIRECTORS *(Continued)*

During the year 2020, the Directors also participated in the following trainings:

	Types of training
<i>Non-Executive Director</i>	
Mr. Li Songping (<i>Chairman</i>)	A/B/C
<i>Executive Directors</i>	
Mr. Zhong Beichen (<i>President</i>)	A/C
Mr. Huang Ziquan (Appointed on 26 November 2020)	A/C
Mr. Li Xiaobin (Resigned on 26 November 2020)	A/C
Mr. Hu Weimin	A/C
Mr. Fan Shubin	A/C
<i>Non-Executive Director</i>	
Mr. Su Jian	A/C
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	A/C
Mr. Wong Yik Chung, John	A/C
Mr. Liu Xin	A/C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading newspapers, journals and updates relating to the economy, general business, real estate or director's duties and responsibilities, etc.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors to be independent.

CHAIRMAN AND PRESIDENT

The Chairman and President are held separately by Mr. Li Songping and Mr. Zhong Beichen respectively. This segregation ensures a clear distinction between the Chairman's responsibility to lead the Board and the President's responsibility to manage the Company's business.

BOARD COMMITTEES

The Board has established four board committees, namely, Audit Committee, Nomination Committee, Remuneration Committee and Strategic Committee to strengthen its functions and corporate governance practices. The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific duties in accordance with their respective written terms of reference. The Strategic Committee assists the Group in corporate strategy, business development and operation.

AUDIT COMMITTEE

The Group's Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Wong Yik Chung, John (Chairman), Mr. Li Wang and Mr. Liu Xin. The committee members performed their duties within written terms of reference formulated by the Company which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code. Major duties include:

- to review the financial controls, internal control and risk management systems of the Group.
- to monitor integrity of the issuer's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services, and the audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed.

The Audit Committee's procedural rules are posted on the websites of the Company and HKEX.

During the year under review, the Audit Committee held a total of two on-site meetings and total of seventeen written resolutions. In the meetings, the Audit Committee reviewed the financial statements for the year ended 31 December 2019 and for the six months ended 30 June 2020, considered and approved the work of the auditors, reviewed the business and financial performance of the Company, and review and made recommendation to the Board for the connected transactions of the Company.

AUDIT COMMITTEE *(Continued)*

Attendance of individual members at Audit Committee meetings in 2020:

	Number of Attendance/ Number of Meeting
Mr. Wong Yik Chung, John	2/2
Mr. Li Wang	2/2
Mr. Liu Xin	2/2

NOMINATION COMMITTEE

The Group's Nomination Committee is responsible for review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. It is also responsible for making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors, supervisors of the Company and senior executives and succession planning for directors in particular executive directors and senior executives. Majority members of the Nomination Committee are Independent Non-executive Directors. It is chaired by Mr. Liu Xin with two other members, namely, Mr. Li Songping and Mr. Wong Yik Chung, John.

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

During the year under review, the Nomination Committee held one on-site meeting and approved two Nomination Committee written resolutions for annual review of the current Board structure, assessment of the independence of independent non-executive directors, reviewing the Nomination Committee's procedural rules, and made recommendation to the Board for the appointment of Mr. Huang Ziquan as an executive director and the appointment of Ms. Sun Biaojie as non-executive director.

The Nomination Committee's procedural rules are posted on the websites of the Company and HKEX.

Attendance of individual members at Nomination Committee meeting in 2020:

	Number of Attendance/ Number of Meeting
Mr. Liu Xin	1/1
Mr. Li Songping	1/1
Mr. Wong Yik Chung, John	1/1

REMUNERATION COMMITTEE

The Group's Remuneration Committee is responsible for providing recommendations to the Board regarding the Group's remuneration policy, the formulation and reviewing of the specific remuneration for the Group's Executive Directors and senior executives. Majority members of the Remuneration Committee are Independent Non-executive Directors. The committee is chaired by Mr. Liu Xin with two other members, namely, Mr. Li Songping and Mr. Wang Yik Chung, John.

During the year under review, the Remuneration Committee held one on-site meeting and approved one Remuneration Committee written resolution for review the remuneration of the directors, supervisors and senior management, the Long Term Incentive Fund Scheme and relevant matters, and made recommendation to the board.

The Remuneration Committee's procedural rules are posted on the websites of the Company and HKEX.

Attendance of individual members at Remuneration Committee meeting in 2020:

	Number of Attendance/ Number of Meeting
Mr. Liu Xin	1/1
Mr. Li Songping	1/1
Mr. Wong Yik Chung, John	1/1

Major written terms of reference of the current remuneration system of the directors and supervisors of the Company are set out below:

1. Policy

The Remuneration Policy for the Directors and Supervisors of the Company is based on the following principles:

- No one is allowed to determine his or her own remunerations;
- The remuneration levels should tally with the Company's competitors in the human resources market;
- The remuneration levels should be able to reflect the performances, complexity of work, and responsibilities of related staff; and to attract, motivate and retain outstanding staff, encouraging them to proactively excel and add values for the shareholders of the Company.

2. Non-executive Directors and Supervisors

Principle for Determining Remuneration

The fees of the Non-Executive Directors of the Company should tally with market level, and be subject to formal independent review at least once every 3 years. The Non-Executive Directors of new session will not receive any fees.

REMUNERATION COMMITTEE *(Continued)*

3. Executive Directors

Components of Remuneration

The Executive Directors of the Company will not receive directors' fees, and their remunerations of the position are determined by the Company by referring to the statistics of similar positions in the market (including local and PRC companies with similar scope, business complexity and scale to the Company). Such policy conforms to the remuneration policy of the Company which tallies with our competitors in the human resources market. In addition, in order to attract, motivate and retain outstanding staff, the Company takes performance as the primary consideration for grant of individual rewards.

The Company does not adopt any share option scheme.

No director has entered into any service contract with the Company or its subsidiaries, which terms provide for a notice period of over one year, or which provide for compensation in the form of more than one-year's salary plus benefits-in-kind upon termination of employment.

STRATEGIC COMMITTEE

The main function of the Group's Strategic Committee is to study and advise on the Group's long-term development strategies. The Strategic Committee undertakes to review and adjust the strategies of the Company. It is composed of Mr. Li Songping as Chairman of the Strategic Committee and Mr. Zhong Beichen and Mr. Liu Xin as members of the committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is primarily responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;
- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report; and
- evaluating and determining the issuer's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place, and disclosed in the ESG Report.

CORPORATE GOVERNANCE FUNCTIONS *(Continued)*

During the year, the Board performed the following corporate governance matters:

- review of the effectiveness of the internal controls and risk management systems of the Company; and
- to amend the Company's Corporate Governance Code and practices and to make recommendations

INTERNAL CONTROLS

With the continuous efforts of the Board, management and all staff, the Company has established a more comprehensive and effective internal control system and prepared a "BCL's Internal Controls Manual (首創置業內控手冊)" so as to safeguard the corporate operating management regulations, asset security, financial reporting and the fairness, accuracy and completeness of the relevant information in a rational manner.

1. For the internal condition, the Company has formulated a clear strategic plan, established the corporate culture of "five-colour-flower" with distinct BCL characteristics and promoted the overall awareness of risk management.
2. For the risk management, the Company has expressed our continued concern on the changes in internal and external situations and conducted various risk assessment on an ongoing basis so as to establish a BCL's database meeting our business requirement and facilitating the actual operation.
3. For the control activities, the Company has established a better business process system and included the risk control points into our business process so as to realise the implementation of risk management.
4. For the information and communication, the Company has established an industry-leading Enterprise Resource Planning (ERP), covering financial, human resources, overall cost management, business management and overall budgeting management etc., which generally enhanced the corporate internal controls through informationisation and promoted the implementation of business process.
5. For the internal controls, the Company has established an internal control functional structure, of which divided into three classes from top to bottom and formed three lines of defense for the risk controls, including three aspects such as self-supervision of the Company, operational supervision of the headquarters operations centre and auditing supervision of risk control centre, as well as covering the whole chain of the Company's business to ensure overall supervision.

The audit department has submitted its report to the audit committee. The audit committee and the Board consider that the risk management and internal control system of the Company operates smoothly.

EXTERNAL AUDITORS

The Board agreed with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the Group's external auditors. The recommendation will be put forward for the approval of shareholders at the forthcoming Annual General Meeting.

The Group has established a Policy on Appointment of External Auditor in providing Non-Audit Services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The amount of fee payable to PricewaterhouseCoopers Zhong Tian LLP and other PwC firms for providing audit and audit related services and non-audit services for the year ended 31 December 2020 amounted to RMB10,349,000 and RMB1,442,000. The amount of fee payable to other audit firms for providing audit and audit related services for the year ended 31 December 2020 amounted to RMB10,949,000.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, the Company Secretary has confirmed that he has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHT

According to the Articles of Association of the Company, where the shareholders individually or jointly holding 10 per cent or more of the Company's shares (hereinafter refer to as the "Proposing Shareholders") request to convene an extraordinary general meeting or a class general meeting, they may sign one or several written requests in the same format and content requesting the Board to convene an extraordinary general meeting or a class meeting, specifying the objects of the meeting. If the Board is unable to perform or fails to perform its duty of convening the shareholders' general meeting, the meeting shall be convened and presided over by the Supervisory Committee; and if the Supervisory Committee fails to do so, the shareholders individually or jointly holding 10 per cent or more of the Company's shares for more than ninety consecutive days may convene and preside over such a meeting by themselves. The Proposing Shareholders or the Supervisory Committee shall ensure that the proposed resolutions conform to laws and regulations and the Company's Articles of Association.

The Group communicates with its shareholders through different channels, including annual general meetings, extraordinary general meetings; annual and interim reports, notices of general meetings and circulars sent to shareholders by post; investors meetings and announcements on the Company's website and the website of the HKEX.

SHAREHOLDERS' RIGHT *(Continued)*

The Company's website provides shareholders with corporate information, such as principal business activities, major property projects and the latest development of the Group. Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company regards annual general meeting as an important event in the corporate year and all Directors and senior management should make an effort to attend. The Company's annual general meeting allows the Directors to meet and communicate with the shareholders. The chairman of the annual general meeting proposes separate resolution for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor should attend the annual general meeting (as the case may be) to answer questions from shareholders. The 2019 annual general meeting was held on 13 May 2020. During the year, the Company held eight extraordinary general meetings. The attendance records of the Directors at the general meetings are set out below:

	AGM and EGM attended/held
<i>Non-Executive Director</i>	
Mr. Li Songping (<i>Chairman</i>)	1/8
<i>Executive Directors</i>	
Mr. Zhong Beichen (<i>President</i>)	7/8
Mr. Huang Ziquan (Appointed on 26 November 2020)	0/8
Mr. Li Xiaobin (Resigned on 26 November 2020)	0/8
Mr. Hu Weimin	0/8
Mr. Fan Shubin	0/8
<i>Non-Executive Director</i>	
Ms. Sun Baojie (Appointed on 13 January 2021)	0/0
Mr. Su Jian (Resigned on 13 January 2021)	0/8
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	0/8
Mr. Wong Yik Chung, John	1/8
Mr. Liu Xin	1/8

CONSTITUTIONAL DOCUMENTS

Amendments of the Company's Articles of Association to reflect latest registered capital and shareholding structure of the Company as a result of the proposed Rights Issue was duly passed by way of special resolution on the extraordinary general meeting held on 10 June 2019. Details of which is disclosed on circular dated 17 May 2019.

Amendments of the Company's Articles of Association to reflect the On 17 October 2019, the State Council of the PRC issued the Approval on Matters including Adjustments to Notice Period for Convening the General Meetings Applicable to Companies Listed Overseas (Guo Han [2019] No. 97)* (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)), pursuant to which joint stock companies registered in the PRC and listed overseas shall follow relevant requirements as set out in the Company Law of the PRC in respect of the notice period for convening the general meetings, the rights of shareholders to propose resolutions and the convening procedures, rather than the requirements as set out in Articles 20 to 22 of the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (《國務院關於股份有限公司境外募集股份及上市的特別規定》). On 14 November 2019, the CSRC issued the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (CSRC Announcement [2019] No. 22)* (《H股公司境內未上市股份申請「全流通」業務指引》(證監會公告[2019]22號)) was duly passed by way of special resolution on the extraordinary general meetings held on 14 May 2020. Details of which is disclosed in the circular dated 28 April 2020.

The latest Articles of Association is posted on the websites of the Company and HKEX.

INVESTOR RELATIONS

The Group has always upheld its policy of open communication and fair disclosure. The Group believes that the completeness and timeliness of information disclosure is essential for building market confidence and places much effort in maintaining interactive communications with shareholders and investors and is open-minded to the investment community. As such, the Group has established an Investor Relations Department, which is responsible for maintaining close communications with shareholders and investors.

The Group has issued a monthly newsletter on a continuing basis since March 2009, the newsletter set out the latest project development and sales performance of the Group. The Group strives to maintain high transparency and to keep shareholders and the investment community abreast of its latest development and progress by dissemination of relevant corporate information on a timely basis through various channels including regular distribution of press releases. All this information is also available for downloading from the Group's website at <http://www.bjcapitalland.com>. During the year, the Company also launched official investor relation WeChat channel for investors' subscription, so that investor can receive up-to-date news of the Group in advance.

INVESTOR RELATIONS *(Continued)*

By timely information disclosure and organizing regular meetings for the management to communicate with media, it facilitates investors' further understanding of the Group's business development while at the same time enables the management to fully realise the opinion and expectation of the investment community of the Group's future development.

In addition to press conference and analysts' meeting held after results announcement, the Group's management held regular meetings with securities analysts and investors, and participated in a number of large-scale investment conferences and presentations. These allow shareholders and investors to have better understanding of the Group's development potential and future prospects, facilitating their comprehension of the Group's investment value.

Looking ahead, the Group will continue to enhance its corporate governance practice based on international trends and development and the views of our shareholders.

On Behalf of the Board

Li Songping

Chairman

Beijing, 29 March 2021

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year ended 31 December 2020, the Supervisory Committee of Beijing Capital Land Ltd. (the "Supervisory Committee"), have diligently performed their duties in ensuring that the Company has observed and complied with the Listing Rules, the Company Law of the PRC, the Articles of Association of the Company and other relevant legislations and regulations which protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee attended the meetings of the Board of Directors and the General Meetings to strictly and effectively monitor the Company's management in making significant policies and decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of the Company and its shareholders. It also provided reasonable suggestions and opinions to the Board of Directors in respect of the operation and development plans of the Company.

The Supervisory Committee has reviewed and agreed to the report of the directors, audited financial statements and profit appropriation proposal to be proposed by the Board of Directors for presentation at the forthcoming Annual General Meeting. The Supervisory Committee is satisfied that the Directors, and other senior management of the Company are committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and its shareholders.

The Supervisory Committee has carefully reviewed the audited financial statements prepared in accordance with Accounting Standards for Business Enterprises and consider that the financial statement reflect a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2020 and has great confidence in the future of the Company.

By order of the Supervisory Committee

Deng Wenbin
Chairman

Beijing, 29 March 2021

AUDITOR'S REPORT

PwC ZT Shen Zi (2021) No. 15010

To the Shareholders of Beijing Capital Land Ltd.,

OPINION

What we have audited

We have audited the accompanying financial statements of Beijing Capital Land Ltd. (hereinafter "BCL"), which comprise the consolidated and company balance sheets as at 31 December 2020; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in shareholders' equity for the year then ended and the notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of BCL as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of BCL in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 identified in our audit is related to valuation of investment properties.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Refer to Note 2(13), Note 2((29)(ii)) and Note 4(13) to the consolidated financial statements for the disclosure of investment properties for BCL. BCL adopts the fair value model for subsequent measurement of investment properties. As at 31 December 2020, investment properties measured at fair value amounted to RMB16,782,445,000 and fair value gains on investment properties for the year then ended recognized in gains arising from changes in fair value were RMB344,324,000. The fair value was determined based on the valuation performed by an independent professional valuer (the "valuer") as a third party engaged by BCL.</p>	<p>We obtained an understanding of the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and susceptibility to management bias or fraud.</p> <p>We assessed the competence, professional capability and objectivity of the valuer.</p> <p>We communicated with the management of BCL about the valuation techniques adopted for each investment property, obtained and read the valuation reports for all the investment properties measured at fair value delivered by the valuer, and assessed the relevance and reasonableness of valuation techniques used by the valuer in consideration of the actual construction or operation status.</p>
<p>The valuations of investment properties involved critical accounting estimates and judgements, which mainly included the determination of valuation techniques and the selection of inputs accordingly. The valuation technique is income capitalisation approach. The inputs adopted usually include market rental prices and discount rates.</p>	<p>We selected some of the investment properties measured at fair value by sampling and performed the following procedures:</p> <p>We assessed the reasonableness of key inputs used under income capitalisation approach, including market rental prices and discount rates, by comparing the market rental prices with comparative cases in active markets and the information of the rental prices in management's records, and by comparing the discount rates with the average discount rates in the industry.</p>
<p>Considering the above-mentioned critical accounting estimates and judgements, and the significant impact on the consolidated financial statements, we paid specific attention to this matter in our audit.</p>	<p>We involved our internal valuation specialists to assist us in assessing the reasonableness of valuation techniques, market rental prices and discount rate used by the Valuers.</p>
	<p>Based on the above, we obtained supportive evidence for critical accounting estimates and judgements made by management on the valuation techniques and key inputs used in the valuations of investment properties.</p>

AUDITOR'S REPORT

OTHER INFORMATION

Management of BCL is responsible for the other information. The other information comprises the information included in 2020 annual report of BCL but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of BCL is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing BCL'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 management either intend to liquidate BCL or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing BCL's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(Continued)

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

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's 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 BCL'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 these 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 BCL to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BCL 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 REPORT

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

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

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the 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.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA: **Liu Lei (Engagement Partner)**

Signing CPA: **He Guofeng**

Shanghai, the People's Republic of China

29 March 2021

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Assets	Notes	31 December 2020 Consolidated	31 December 2019 Consolidated	31 December 2020 Company	31 December 2019 Company
Current assets					
Cash at bank and on hand	4(1);16(1)	37,178,480	27,035,244	15,785,176	10,003,378
Trading financial assets	4(2);16(2)	348,743	3,761,342	58,173	189,198
Trade receivables	4(3)	1,495,686	5,218,581	–	159
Advances to suppliers	4(4)	2,111,448	2,443,991	16,380	1,444
Other receivables	4(5);16(3)	18,050,908	22,350,997	75,768,373	89,277,050
Inventories	4(6)	102,546,959	85,928,699	–	33,544
Contract assets	4(7)	5,019,400	5,734,719	–	–
Current portion of non-current assets		–	311,975	–	–
Other current assets	4(8)	2,473,661	2,592,146	3,932	6,064
Total current assets		169,225,285	155,377,694	91,632,034	99,510,837
Non-current assets					
Derivative financial assets	4(32)	48,828	95,931	–	–
Long-term receivables	4(9)	3,523,207	2,000	–	–
Long-term equity investments	4(11);16(4)	6,702,922	5,700,367	9,030,286	7,892,784
Other equity instrument investments	4(12);16(5)	98,457	288,283	31,225	50,000
Other non-current financial assets	4(10);16(6)	5,803,041	3,450,024	550,000	1,133,245
Investment properties	4(13)	18,722,830	16,743,273	–	–
Fixed assets	4(14);16(7)	439,751	324,203	52,431	52,698
Right-of-use assets	4(15)	1,394,713	915,045	–	825
Intangible assets	4(16)	317,867	38,508	–	–
Long-term prepaid expenses	4(17)	558,680	453,144	–	–
Deferred income tax assets	4(18);16(8)	2,573,449	1,870,925	1,676,377	1,360,255
Other non-current assets	4(19)	1,140,870	9,921	–	–
Total non-current assets		41,324,615	29,891,624	11,340,319	10,489,807
Total Assets		210,549,900	185,269,318	102,972,353	110,000,644

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity	Notes	Consolidated	Consolidated	Company	Company
Current liabilities					
Short-term borrowings	4(21);16(9)	502,403	1,717,672	96,771	930,113
Trading financial liabilities	4(2)	151,270	–	–	–
Derivative financial liabilities	4(32)	238,764	–	–	–
Notes payables		101,072	51,817	–	–
Trade payables	4(22)	12,644,877	8,551,640	22,272	40,049
Contract liabilities	4(23)	26,221,026	19,475,282	–	807
Employee benefits payables	4(24);16(10)	108,274	258,554	74,236	162,862
Taxes payable	4(25)	4,904,579	5,204,477	43,248	26,404
Other payables	4(26);16(11)	13,641,415	11,184,175	50,536,980	51,253,319
Current portion of non-current liabilities	4(27);16(12)	32,027,389	22,819,073	12,178,111	11,228,269
Other current liabilities	4(23)	1,303,235	–	–	–
Total current liabilities		91,844,304	69,262,690	62,951,618	63,641,823
Non-current liabilities					
Long-term borrowings	4(28);16(13)	41,727,674	39,728,054	1,080,990	–
Debentures payable	4(29);16(14)	21,427,486	28,490,333	18,514,866	22,247,516
Lease liabilities	4(30)	1,339,577	875,318	–	–
Long-term payables	4(31)	4,022,380	2,717,476	–	–
Provisions		3,087	–	–	–
Deferred income tax liabilities	4(18)	2,855,040	2,153,741	–	–
Other non-current liabilities		416	600	–	–
Total non-current liabilities		71,375,660	73,965,522	19,595,856	22,247,516
Total liabilities		163,219,964	143,228,212	82,547,474	85,889,339
Equity					
Share capital	4(33)	4,362,941	3,852,563	4,362,941	3,852,563
Other equity instruments	16(15)	12,392,272	15,124,416	12,392,272	15,124,416
<i>Including: Perpetual bonds</i>	16(15)	12,392,272	15,124,416	12,392,272	15,124,416
Capital reserve	4(34);16(16)	553,105	395,293	4,010,806	3,515,341
Other comprehensive income	4(35)	231,518	289,943	–	–
Surplus reserve	4(36)	829,151	829,151	829,151	829,151
Retained earnings	4(37);16(17)	10,708,575	11,412,652	(1,170,291)	789,834
Total equity attributable to owners of the Company		29,077,562	31,904,018	20,424,879	24,111,305
Non-controlling interests		18,252,374	10,137,088	–	–
Total equity		47,329,936	42,041,106	20,424,879	24,111,305
Total liabilities and equity		210,549,900	185,269,318	102,972,353	110,000,644

The accompanying notes form an integral part of these financial statements

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY INCOME STATEMENTS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	2020 Consolidation	2019 Consolidation	2020 Company	2019 Company
Revenue	4(38);16(18)	21,247,858	20,786,255	161,102	49,268
<i>Less:</i> Cost of sales	4(38);16(18)	(15,908,085)	(13,713,906)	(33,544)	–
Taxes and surcharges	4(39)	(972,606)	(2,036,764)	(15,253)	(2,845)
Selling and distribution expenses	4(40)	(673,815)	(743,768)	–	–
General and administrative expenses	4(40);16(19)	(909,624)	(1,425,045)	(137,003)	(340,328)
Financial expenses	4(41);16(20)	(2,326,946)	(3,097,009)	(1,493,330)	(1,858,294)
<i>Including:</i> Interest expenses		(2,882,002)	(3,224,465)	(1,651,993)	(1,955,508)
Interest income		365,322	325,625	221,944	197,122
<i>Add:</i> Other income		27,855	95,238	5,124	3,313
Investment income	4(43);16(21)	1,570,988	3,579,237	932,459	3,720,244
<i>Including:</i> Share of profit of associates and joint ventures		14,447	355,430	9,748	7,598
Gains on hedges		–	17,605	–	–
(Losses)/Gains arising from changes in fair value	4(44)	(162,887)	102,338	444	1,612
Credit impairment loss		(22,174)	–	(9,573)	–
Asset impairment loss	4(42)	(69,623)	(10,086)	–	–
Gains/(Losses) on disposal of assets		232	(1,637)	1	167
Operating profit/(loss)		1,801,173	3,552,458	(589,573)	1,573,137
<i>Add:</i> Non-operating income		29,889	32,375	560	1,620
<i>Less:</i> Non-operating expenses		(12,009)	(14,609)	(1,332)	–
Profit/(Loss) before income tax		1,819,053	3,570,224	(590,345)	1,574,757
<i>Less:</i> Income tax expenses	4(45);16(22)	(546,947)	(1,001,362)	316,122	62,939
Profit/(Loss) for the year		1,272,106	2,568,862	(274,223)	1,637,696
Classified by operating continuity					
Profit/(Loss) from continuing operations		1,272,106	2,568,862	(274,223)	1,637,696
Profit from discontinuing operations		–	–	–	–
Classified by attributions of the ownership					
Attributable to owners of the Company		981,825	2,122,572	N/A	N/A
Attributable to non-controlling interests		290,281	446,290	N/A	N/A

CONSOLIDATED AND COMPANY INCOME STATEMENTS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	2020 Consolidation	2019 Consolidation	2020 Company	2019 Company
Other comprehensive loss for the year, net of tax	4(35)	(58,425)	(148,803)	-	-
Attributable to owners of the Company		(58,425)	(148,803)	-	-
Items that cannot be reclassified to profit or loss thereafter		(171,051)	-	-	-
Changes in fair value of other equity instrument investments		(171,051)	-	-	-
Items that may be reclassified to profit or loss thereafter		112,626	(148,803)	-	-
Recycling of changes in fair value of investment properties previously recognized in other comprehensive income		(20,589)	(62,073)	-	-
Effective portion of gains or losses on hedging instruments in a cash flow hedge		126,118	(81,690)	-	-
Currency translation differences		7,097	(5,040)	-	-
Attributable to non-controlling interests		-	-	-	-
Total comprehensive income/(loss) for the year		1,213,681	2,420,059	(274,223)	1,637,696
Attributable to owners of the Company		923,400	1,973,769	N/A	N/A
Attributable to non-controlling interests		290,281	446,290	N/A	N/A
Earnings per share for profit attributable to ordinary shares of the Company	4(46)				
Basic earnings per share (RMB Yuan)		0.01	0.43	N/A	N/A
Diluted earnings per share (RMB Yuan)		0.01	0.43	N/A	N/A

The accompanying notes form an integral part of these financial statements

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	2020 Consolidation	2019 Consolidation	2020 Company	2019 Company
Cash flow from operating activities					
Cash received from sales of goods and rendering of services		29,460,813	26,347,804	52,399	47,962
Cash received relating to other operating activities	4(47)(a)	655,418	873,378	12,071,745	21,787,044
Sub-total of cash inflows		30,116,231	27,221,182	12,124,144	21,835,006
Cash paid for goods and services		(17,935,541)	(21,266,177)	-	-
Cash paid to and on behalf on employees		(1,151,621)	(1,303,440)	(162,660)	(221,988)
Payments of taxes and surcharges		(2,547,412)	(2,974,583)	(55,918)	(39,310)
Cash paid relating to other operating activities	4(47)(b)	(1,259,253)	(1,430,962)	(3,875,789)	(20,535,620)
Sub-total of cash outflows		(22,893,827)	(26,975,162)	(4,094,367)	(20,796,918)
Net cash flows generated from operating activities	4(48)	7,222,404	246,020	8,029,777	1,038,088
Cash flow from investing activities					
Cash received from refund of investments		2,651,977	5,443,803	2,651,977	5,259,175
Cash received from returns of investments income		-	66,413	23,290	14,771
Net cash received from acquisition of subsidiaries		191,268	-	-	-
Net cash received from disposal of fixed assets and other long-term assets		16,258	842,534	-	-
Net cash received from disposal of subsidiaries and other companies		2,458,527	3,752,302	1,974,181	2,735,628
Cash received relating to other investing activities	4(47)(c)	6,945,086	8,385,770	4,201,738	2,612,285
Sub-total of cash inflows		12,263,116	18,490,822	8,851,186	10,621,859
Cash paid to purchase fixed assets and other long-term assets		(1,110,030)	(1,816,735)	(2,180)	(844)
Cash paid to acquire investments		(5,611,011)	(6,898,446)	(2,687,050)	(6,423,245)
Net cash paid for acquisition of subsidiaries and other companies		-	(1,425,842)	-	-
Cash paid relating to other investing activities	4(47)(d)	(4,900,542)	(11,732,156)	(3,544,130)	(3,129,881)
Sub-total of cash outflows		(11,621,583)	(21,873,179)	(6,233,360)	(9,553,970)
Net cash flow generated from/(used in) investing activities		641,533	(3,382,357)	2,617,826	1,067,889

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	2020 Consolidation	2019 Consolidation	2020 Company	2019 Company
Cash flows from financing activities					
Cash received from capital contributions		4,213,086	6,759,938	800,762	1,385,333
<i>Including:</i> Cash received from owners		800,762	1,385,333	800,762	1,385,333
Cash received from investments of the non-controlling interests		1,203,324	1,903,759	-	-
Cash received from specific capital management plan by subsidiaries	6(1)(b)(b2)(iii)	2,209,000	-	-	-
Cash received from senior perpetual securities issued by subsidiaries	6(1)(b)(b2)(i)	-	3,470,846	-	-
Proceeds from other equity instruments issued by the Company		1,000,000	4,778,342	1,000,000	4,778,342
Cash received from borrowings		26,289,979	25,937,516	1,081,000	-
Proceeds from bonds issued		12,067,588	11,527,685	7,473,019	11,527,685
Cash received relating to other financing activities	4(47)(e)	9,098,319	3,516,788	4,446,311	36,000
Sub-total of cash inflows		52,668,972	52,520,269	14,801,092	17,727,360
Cash repayments of borrowings		(35,211,147)	(30,940,943)	(11,284,273)	(12,710,737)
Cash payments for interests expenses and distribution of dividends or profit		(7,767,945)	(7,342,193)	(3,330,329)	(3,608,460)
Cash paid for repayments of senior perpetual securities issued by subsidiaries		-	(3,270,095)	-	-
Cash paid for repayments of other equity instruments		(3,850,000)	(1,500,000)	(3,850,000)	(1,500,000)
Cash paid relating to other financing activities	4(47)(f)	(3,853,442)	(2,402,603)	(1,211,903)	(590,782)
Sub-total of cash outflows		(50,682,534)	(45,455,834)	(19,676,505)	(18,409,979)
Net cash flows generated from/(used in) financing activities		1,986,438	7,064,435	(4,875,413)	(682,619)
Effect of foreign exchange rate changes on cash		8,768	114,801	9,608	-
Net increase in cash and cash equivalent	4(48)(a)	9,859,143	4,042,899	5,781,798	1,423,358
<i>Add:</i> Cash and cash equivalent at beginning of year	4(48)(a)	25,791,105	21,748,206	10,003,378	8,580,020
Cash and cash equivalent at end of year	4(48)(a)	35,650,248	25,791,105	15,785,176	10,003,378

The accompanying notes form an integral part of these financial statements

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Other equity instruments Perpetual bond	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings			
Balance at 1 January 2019		3,027,960	13,476,018	469,930	438,746	665,381	11,029,226	9,085,290	38,192,551	
Movement for the year end										
31 December 2019		824,603	1,648,398	(74,637)	(148,803)	163,770	383,426	1,051,798	3,848,555	
Comprehensive income for the year										
Profit for the year		-	-	-	-	-	2,122,572	446,290	2,568,862	
Other comprehensive loss	4(35)	-	-	-	(148,803)	-	-	-	(148,803)	
Total comprehensive income		-	-	-	(148,803)	-	2,122,572	446,290	2,420,059	
Capital contribution and withdrawal by owners										
Capital contribution from owners		824,603	-	560,730	-	-	-	1,903,759	3,289,092	
Capital contribution by owners of other equity instruments		-	4,543,689	-	-	-	-	-	4,543,689	
Recycling of other equity instruments		-	(1,447,645)	(52,355)	-	-	-	-	(1,500,000)	
Equity transaction with non-controlling interests		-	-	(530,658)	-	-	-	(970,210)	(1,500,868)	
Profit distribution										
Appropriations	4(36)	-	-	-	-	163,770	(163,770)	-	-	
Profit distribution to owners	4(37)	-	-	-	-	-	(666,151)	(328,041)	(994,192)	
Profit distribution to owners of other equity instruments	4(37)	-	-	-	-	-	(806,103)	-	(806,103)	
Repayment of other equity instruments		-	(1,447,646)	(52,354)	-	-	-	-	(1,500,000)	
Others		-	-	-	-	-	(103,122)	-	(103,122)	
Balance at 31 December 2019		3,852,563	15,124,416	395,293	289,943	829,151	11,412,652	10,137,088	42,041,106	
Balance at 1 January 2020		3,852,563	15,124,416	395,293	289,943	829,151	11,412,652	10,137,088	42,041,106	
Movement for the year end										
31 December 2020		510,378	(2,732,144)	157,812	(58,425)	-	(704,077)	8,115,286	5,288,830	
Comprehensive income for the year										
Profit for the year		-	-	-	-	-	981,825	290,281	1,272,106	
Other comprehensive loss	4(35)	-	-	-	(58,425)	-	-	-	(58,425)	
Total comprehensive income		-	-	-	(58,425)	-	981,825	290,281	1,213,681	
Capital contribution and withdrawal by owners										
Capital contribution from owners	4(33);4(34)	510,378	-	290,384	-	-	-	8,247,959	9,048,721	
Capital contribution by owners of other equity instruments	16(15)	-	985,284	-	-	-	-	-	985,284	
Profit distribution										
Profit distribution to owners	4(37)	-	-	-	-	-	(741,700)	(235,883)	(977,583)	
Profit distribution to owners of other equity instruments	4(37)	-	-	-	-	-	(944,202)	(187,071)	(1,131,273)	
Repayment of other equity instruments	4(34);16(15)	-	(3,717,428)	(132,572)	-	-	-	-	(3,850,000)	
Balance at 31 December 2020		4,362,941	12,392,272	553,105	231,518	829,151	10,708,575	18,252,374	47,329,936	

The accompanying notes form an integral part of these financial statements

Legal representative: Person in charge of accounting: Head of accounting department:

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020 (all amounts in thousands of RMB unless otherwise stated)

Items	Notes	Other equity instruments		Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
		Share capital	Perpetual bond					
Balance at 1 January 2019		3,027,960	13,476,018	3,059,320	-	665,381	788,162	21,016,841
Movement for the year end 31 December 2019		824,603	1,648,398	456,021	-	163,770	1,672	3,094,464
Comprehensive income for the year								
Profit for the year	16(17)	-	-	-	-	-	1,637,696	1,637,696
Total comprehensive income		-	-	-	-	-	1,637,696	1,637,696
Capital contribution and withdrawal by owners								
Capital contribution from owners		824,603	-	560,730	-	-	-	1,385,333
Capital contribution by owners of other equity instruments		-	4,543,689	-	-	-	-	4,543,689
Recycling of other equity instruments		-	(1,447,645)	(52,355)	-	-	-	(1,500,000)
Profit distribution								
Appropriations	16(17)	-	-	-	-	163,770	(163,770)	-
Profit distribution to owners	16(17)	-	-	-	-	-	(666,151)	(666,151)
Profit distribution to owners of other equity instruments	16(17)	-	-	-	-	-	(806,103)	(806,103)
Repayment of other equity instruments		-	(1,447,646)	(52,354)	-	-	-	(1,500,000)
Balance at 31 December 2019		3,852,563	15,124,416	3,515,341	-	829,151	789,834	24,111,305
Balance at 1 January 2020		3,852,563	15,124,416	3,515,341	-	829,151	789,834	24,111,305
Movement for the year end 31 December 2020		510,378	(2,732,144)	495,465	-	-	(1,960,125)	(3,686,426)
Comprehensive loss for the year								
Loss for the year	16(17)	-	-	-	-	-	(274,223)	(274,223)
Total comprehensive loss		-	-	-	-	-	(274,223)	(274,223)
Capital contribution and withdrawal by owners								
Capital contribution from owners	16(16)	510,378	-	628,037	-	-	-	1,138,415
Capital contribution by owners of other equity instruments	16(15)	-	985,284	-	-	-	-	985,284
Profit distribution								
Profit distribution to owners	16(17)	-	-	-	-	-	(741,700)	(741,700)
Profit distribution to owners of other equity instruments	16(17)	-	-	-	-	-	(944,202)	(944,202)
Repayment of other equity instruments	16(15);16(16)	-	(3,717,428)	(132,572)	-	-	-	(3,850,000)
Balance at 31 December 2020		4,362,941	12,392,272	4,010,806	-	829,151	(1,170,291)	20,424,879

The accompanying notes form an integral part of these financial statements

Legal representative: Person in charge of accounting: Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Beijing Capital Land Ltd. (hereinafter “the Company”) was established by seven companies (hereinafter “the promoters”) on 23 July 2002, namely Beijing Capital Group Co., Ltd. (hereinafter “Capital Group”), Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Sunshine Real Estate Development Co., Ltd., Beijing Capital Technology Investment Co., Ltd., Beijing Capital Hangyu Economic Development Co., Ltd. (renamed “Beijing Capital Investment & Development Co., Ltd.” as at 4 December 2013, hereinafter “Beijing Capital Investment”), China Resource Products Limited and Yieldwell International Enterprise Limited. The Company’s place of registry is Beijing, the People’s Republic of China (hereinafter “the PRC”).

The Company’s parent company and the ultimate parent company is Capital Group, a state-owned enterprise established in Beijing.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong in June 2003. As at 31 December 2020, the total share of the Company is RMB4,362,941,000 with RMB1 per share.

The Company and its subsidiaries (hereinafter “the Group”) are principally engaged in the real estate development and investment, primary land development, commercial real estate operation and property consulting services.

These consolidated financial statements were approved by the Board of Directors on 29 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CAS”).

The financial statements were prepared on the basis of going concern.

Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2020 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2020 and of their financial performance, cash flows and other information for the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(3) Accounting year

The accounting year starts on 1 January and ends on 31 December.

(4) Functional currency

The functional currency of the Company and most of its subsidiaries is Renminbi (RMB). The functional currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate, the functional currency of certain subsidiaries of the Group incorporated in France and Australia are local currency, the consolidated financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations under common control

The consideration paid and net assets obtained by the acquirer in a business combination are measured at the carrying amount, but measured on the basis of the acquiree's carrying amount of assets and liabilities (including the goodwill generated from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party, under the condition that the acquiree was acquired from a third party by the ultimate controlling party in previous years. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is recognized in the capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is recognized in retained earnings. Costs directly attributable to the combination shall be recognized in profit or loss in the period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(b) Business combinations other than common control

The consideration paid and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination other than common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets on the acquisition date.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity, the portion of a subsidiary's net profits and losses and comprehensive income for the year not attributable to the Company are recognized as non-controlling interests and income attributed to non-controlling interests as presented separately in the consolidated financial statements within equity, net profits and comprehensive income respectively. If the loss of the period attributed to the non-controlling interests exceeds its share of the equity of the subsidiary at the beginning of the period, the balance of the non-controlling interests are offset. Unrealized inter profit or loss in transactions where the Company sells assets to its subsidiaries are fully eliminated to the net profits attributable to owners of the Company. Unrealized inter profit or loss in transactions where a subsidiary sells assets to the Company are eliminated between the net profits attributable to owners of the Company and the profit or loss of the non-controlling interest in proportion to the Company's allocation to the subsidiary. Unrealized inter profit or loss in transactions between subsidiaries selling assets are eliminated between the net profits attributable to owners of the Company and the profit or loss of non-controlling interest in proportion to the Company's allocation to the selling side.

A transaction will be adjusted from the perspective of the Group in condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(7) Cash and cash equivalent

Cash and cash equivalent comprises cash on hand, deposits that can be readily drawn on demand and short term highly liquid investments that are readily convertible into known amounts of cash, and subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) Foreign currency transaction

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "retained earnings" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates on the transaction dates. The differences arising from the above translation are presented separately in the owners' equity, as other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments

Financial instruments are contracts forming financial assets of a party and financial liabilities or equity instruments of other parties. When the Group becomes a party to the financial instrument contract, the Group recognizes the related financial asset or financial liability.

(a) Financial assets

(i) *Classification and measurement*

Financial assets are classified into the following three categories depends on the Group's business mode of managing financial assets and cash flow characteristics of financial assets: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. The relevant transaction costs of financial assets at fair value through profit or loss are recognized in profit or loss for the current period. Transaction costs related to other financial assets are included in their initial recognition amounts. Trade receivables or notes receivables arising from the sale of products or rendering of services, which do not contain or do not take into account significant financing component, are initially recognized by the Group in accordance with the amount of consideration expected to be entitled to receive.

Debt instruments

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the issuer's point of view and are measured at the following three ways:

at amortized cost:

The Group's business model for managing such financial assets is aimed at collecting contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, i.e. cash flow generated on a specific date is only payment of principal and interest based on the amount of outstanding principal. The Group recognizes interest income for such financial assets in accordance with the effective interest rate method. Such financial assets mainly include cash at bank and on hand, trade receivables, other receivables, and long-term receivables. The Group lists the long-term receivables maturing within one year (including one year) since the balance sheet date as current portion of non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) *Classification and measurement (Continued)*

Debt instruments (Continued)

at fair value through other comprehensive income:

The Group's business model for managing such financial assets is aimed at collecting contractual cash flow and selling, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, while impairment losses or gains, exchange gain or loss and interest income calculated according to the effective interest rate method are recognized in profit or loss for the current period. Such financial assets mainly include other equity instrument investments.

at fair value through profit or loss:

The Group lists debt instruments which are not measured by amortized cost or at fair value through other comprehensive income as trading financial assets at fair value through profit or loss. Those that are maturing over one year and expected to be held for more than one year since the balance sheet date are recognized as other non-current financial assets. Others are recognized as trading financial assets.

Equity instruments

Investments in equity instruments which are not controlled, jointly controlled or significantly affected by the Group will be measured at fair value through profit or loss and presented as trading financial assets; those that are expected to be held for more than one year since the balance sheet date will be recognized as other non-current financial assets.

In addition, the Group designates some non-tradable equity instrument investments as financial assets which are measured at fair value through other comprehensive income and are presented as other equity instrument investments. The relevant dividend income of the financial assets is included in the current profit or loss when certain conditions are met.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment

The Group accounts for the impairment of contract assets, lease receivables and financial assets at amortized cost based on expected credit loss.

The Group takes into account reasonable and valid information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probabilistic weighted amount of the present value of the difference between the cash flow receivable from contract and the expected cash flow to be received and recognize the expected credit loss.

On each balance sheet date, the Group measures the expected credit losses of financial instruments at different stages. The financial instrument is in the first stage if its credit risk has not increased significantly since the initial recognition. The Group measures loss provision according to the expected credit loss in the next 12 months. The financial instrument is in the second stage if its credit risk has increased significantly since the initial recognition, but no credit impairment has occurred. The Group measures loss provision according to the lifetime expected credit loss. The financial instrument is in the third stage if credit impairment has occurred. The Group measures loss provision according to the lifetime expected credit loss.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that their credit risk has not increased significantly since the initial recognition, and measures the loss provision according to the expected credit loss over the next 12 months.

For financial instruments in the first and second stage and with lower credit risk, the Group calculates interest income on the basis of their book value without deducting the provision for impairment and using effective interest rates. For financial instruments in the third stage, interest income is calculated on the basis of their book value deducting the amortized cost after the provision for impairment has been made and using the effective interest rates.

For trade receivables and contract assets generated from sales of goods and rendering of services, the Group measures loss provisions in accordance with lifetime expected credit loss whether or not significant financing component exist. For lease receivables, the Group also measures loss provisions in accordance with lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

When it is unable to evaluate the information of expected credit loss of a single financial asset at a reasonable cost, the Group divides the receivables into portfolios according to the characteristics of credit risk, calculates the expected credit losses on the basis of the portfolio, and determines the portfolio on the basis of the following:

Portfolios of receivables from related parties and joint bidding	Receivables from joint ventures, associates and other cooperate companies
Portfolios of receivables from customers	Receivables from property buyers
Portfolios of receivables from primary land development	Receivables from primary land development customers
Property tenant Portfolio	Receivables from lessee of investment properties
Portfolios of other receivables	Others

For trade receivables and lease receivables divided into portfolios, the Group refers to the experience of historical credit losses and combines the current situation with the forecast of future economic conditions to calculate expected credit loss by using default risk exposure and the lifetime expected credit loss rate. For other receivables divided into portfolios, the Group refers to the experience of historical credit losses and combines the current situation with the forecast of future economic conditions to calculate expected credit loss by using default risk exposure and the expected credit loss rate over the next 12 months or over the lifetime.

The Group recognized the accrued or reversed loss provision in profit or loss for the current period.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) Derecognition

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of other equity instrument investments, the difference between the carrying amount and the sum of the consideration received along with the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in retained earnings; On derecognition of other financial assets, the difference between the carrying amount and the sum of the consideration received along with the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly financial liabilities at amortized cost, including notes payables, trade payables, other payables, long-term payables, borrowings and debentures payable which are initially recognized at fair value deducting transaction costs and recorded at amortized cost using effective interest rate in subsequent measurement. Financial liabilities with repayment period within 1 year (including 1 year) are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year since balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or has been partly discharged. The difference between the carrying amount of the derecognized part of the financial liabilities and the consideration paid is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(c) Equity instruments

Financial instruments issued by the Group are classified as equity instruments when both of the following conditions are satisfied:

- (i) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or liabilities under potential adverse condition with other parties;
- (ii) The financial instruments should or can be settled via equity instruments of the Group. For non-derivative instruments, the instruments have no contractual obligation to be settled by delivering unfixed number of equity instruments of the Group. For derivative instruments, they can only be settled through the exchange of fixed number of the Group's equity instruments with fixed amount of cash or other financial assets.

Equity instruments except for ordinary shares issued by the Company are presented as other equity instruments in the financial statements. The amounts issued by the subsidiaries and classified as equity instruments in the consolidated financial statements of the Group are presented as non-controlling interest.

(d) Determination of fair value of financial instrument

The fair value of a financial instrument that is traded in an active market is determined by the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Group uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(10) Hedging activities

The Group sets financial instruments as hedging instrument to manage exposure to foreign exchange risks. Changes in fair value or cash flow of the hedging instrument are expected to offset all or part of the changes in fair value or cash flow of hedged items. The Group accounts the hedging by using hedge accounting method.

Fair value of the hedging derivatives would be classified as a non-current asset or liability when the residual maturity of the hedged item is longer than 12 months.

The Group continuously evaluates, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective, analyses the cause for ineffective portion of hedging which will influence hedging relationship within the remaining period of hedging, and evaluates hedging relationship at the balance sheet date and when significant changes in relevant circumstances will affect the effectiveness requirements of hedging. The Group adopts ratio analysis to assess subsequent effectiveness of cash flow hedge.

Gain or loss on the cash flow hedging instrument relating to the effective portion is recognized in other comprehensive income. Gain or loss relating to the ineffective portion, that is gain or loss deducting the portion recognized in other comprehensive income, is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(10) Hedging activities *(Continued)*

The amount of cash flow hedging reserve shall be treated in accordance with the following provisions: (1) When the hedged item is an anticipated transaction, and the anticipated transaction enables the Group to subsequently recognize a non-financial asset or non-financial liability, or the anticipated transaction of non-financial assets or non-financial liabilities to form a determination commitment applicable to fair value hedging accounting, the amount of cash flow hedging reserve recognized in other comprehensive earnings will be transferred out and included in the initial recognized amount of the assets or liabilities; (2) For cash flow hedging that does not belong to the abovementioned (1), the amount of cash flow hedging reserve recognized in other comprehensive income will be transferred out and included in profit or loss during the same period when the expected cash flow of the hedging affects the profit or loss; (3) if the amount of cash flow hedging reserve recognized in other comprehensive income is a loss, and the loss is expected to be irreparable in whole or in part in the future accounting period, the expected irreparable part will be transferred out from other comprehensive income and included in profit or loss for the current period.

When the Group no longer applies hedging accounting on cash flow hedging, any cumulative cash flow hedging reserve recognized in other comprehensive income previously should be dealt with in accordance with the following provisions: (1) when the hedged future cash flow is still expected to occur, the cumulative cash flow hedge reserve should be kept; (2) when the hedged future cash flow is no longer expected to occur, the cumulative cash flow hedge reserve should be transferred out from other comprehensive income and recognized in profit or loss. When the hedged future cash flow is no longer highly possible expected to occur but still expected to occur, the cumulative cash flow hedge reserve should be kept.

(11) Inventories

(a) Classification

Inventories include properties under development, properties held for sale, land under development and merchandise inventories, which are measured at the lower of cost and net realizable value.

(b) Measurement of inventories

Inventories are initially recognized at the actual costs. The costs of properties under development and properties held for sale comprise land cost, construction cost, capitalized borrowing costs, and other direct and indirect fees incurred during the development period. On completion, the properties are transferred to properties held for sale at the actual costs. For land use rights that are developed for subsequent sales, the cost paid for land use rights are classified and accounted for as part of the costs of properties.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(11) Inventories *(Continued)*

(b) Measurement of inventories *(Continued)*

Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads etc. The relevant costs are recognized in the properties under development, and are recorded by each cost items; the cost paid for land use rights are classified and accounted for as part of properties under development.

Merchandise inventories are finished goods purchased from external for retail, which are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods is purchase costs agreed in purchasing contracts.

(c) Measurement of net realizable value and provisions of inventories

Provisions are determined at the excess amount of the carrying value of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated selling expenses and related taxes.

(d) The Group adopts the perpetual inventory system.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are joint arrangements of which the net asset is attribute to the Group based on the legal forms, terms of contract and other facts and the investees over which the Group is able to exercise joint control together with other ventures. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12) Long-term equity investments *(Continued)*

(a) Measurement of investment cost

For long-term equity investments acquired through business combination under common control, the investment cost shall be the acquirer's share of the carrying amount of the acquiree's owners' equity presented in the consolidated financial statements of the ultimate controlling party on the combination date; for long-term equity investments acquired through a business combination other than common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity instruments, the initial investment cost shall be the fair value of the equity instruments issued.

(b) Subsequent measurement and recognition of investment income and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment cost, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income or loss according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognizing the investment losses expected to be borne. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income and profit distribution, the Group adjusts the carrying amount of long-term equity investments and records its proportionate share directly into capital reserve. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12) Long-term equity investments *(Continued)*

(c) Definitions of control, joint control and significant influence

Control is the power over the investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee companies, and has the ability to affect those returns through its power over the investee companies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and the other parties sharing control.

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.

(d) Impairment of long-term equity investment

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

(13) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in the future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

The Group adopts the fair value model for subsequent measurement of investment properties. Investment properties are measured at fair value model when the following conditions are met:

- (a) There is an active property market where the investment property locates.
- (b) The Group can obtain the market price or the relevant information regarding the same type of or similar property market, so as to reasonably estimate the fair value of the investment property.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(13) Investment properties *(Continued)*

Depreciation or amortization will no longer be provided for investment properties measured at fair value. Investment properties will be valued as at the balance sheet date and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the profit or loss for the current period of the Group.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

When the Group converts an investment property to owner-occupied property or inventory, the property's carrying amount is stated at the fair value on the conversion date. The difference between the fair value and the original carrying amount is recognized in profit or loss for the current period. When any owner-occupied property or real estate inventory is converted to investment properties to be measured through the fair value model, the fair value on the conversion date is recognized as the carrying amount of the investment property. When the fair value on the conversion date is less than its carrying amount, the difference will be charged to profit or loss for the current period. When the fair value on the conversion date is more than its carrying amount, the difference will be charged to other comprehensive income.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, scrapping or damage of an investment property subtracts its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(14) Fixed assets

(a) Recognition and initial measurement

Fixed assets comprise buildings, motor vehicles, and office equipment, etc.

Fixed assets are recognized when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(14) Fixed assets *(Continued)*

(b) Depreciation methods of fixed assets *(Continued)*

The estimated useful lives, the estimated rate of residual value and the annual depreciation rate are as follows:

	Estimated useful lives	Estimated rate of residual value	Annual depreciation rate
Buildings	10 to 40 years	0% to 10%	2.3% to 10.0%
Motor vehicles	5 to 10 years	0% to 10%	9.0% to 20.0%
Office equipment	3 to 10 years	0% to 10%	9.0% to 33.3%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted as appropriate at each year end.

- (c) When recoverable amount of a fixed asset is lower than its carrying amount, the carrying amount should be written down to the recoverable amount (Note 2(18)).

(d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, scrapping or damage of a fixed asset subtracts its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(15) Borrowing costs

The Group's borrowing costs that are directly attributable to the construction of investment properties or properties under development that need a substantially long period of time for its intended use or sale commence to be capitalized and recognized as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the construction that are necessary to prepare the asset for its intended use or sale have commenced. The capitalization of borrowing costs ceases, when the investment properties under construction becomes ready for its intended use, the properties under development become ready for sale (generally after Completion Certification granted), the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the construction of the asset is interrupted abnormally and the interruption lasts for more than 3 months, until the construction is resumed.

For borrowings that specified for construction of investment properties and properties under development and qualified for capitalization, the capitalization amount is measured as current actual interests of the specified borrowings subtract interest revenue earned from unused borrowings deposited at bank or investment income earned from temporary investment activities with unused borrowings.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(15) Borrowing costs *(Continued)*

For general borrowings that occupied by the construction of investment properties and properties under development qualified for capitalization, the capitalization amount should be the weighted average exceeds of accumulated capital expenditures for capitalization over the amount of specialized borrowings multiplied by the weighted average effective interest rate. The effective interest rate is the rate used to discount the estimated future or the applicable shorter period cash flows of the borrowings to the initial measurement of the borrowings.

(16) Intangible assets

Intangible assets include contractual customer relationship, franchise, etc., which are measured at cost.

(a) Contractual customer relationship

Contractual customer relationship are amortised using the straight-line method over the remaining contract period.

(b) Franchise

Franchise are amortised using the straight-line method over the validity of qualification certificate.

(c) Others

Others mainly include land use rights and software. Land use rights are amortised using the straight-line method over the estimated useful lives of 50 years. Software are amortised using the straight-line method over the estimated useful lives of 10 years.

(d) Regular review of useful lives and amortisation method

The estimated useful lives and amortisation method of intangible assets with finite useful lives are reviewed and adjusted as appropriate at each year end.

(e) When recoverable amount of an intangible asset is lower than its carrying amount, the carrying amount should be written down to the recoverable amount (Note 2(18)).

(17) Long-term prepaid expenses

Long-term prepaid expenses include improvements of right-of-use assets and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized using the straight-line method over the expected beneficial period and are presented at actual expenditure subtract accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(18) Impairment of long-term assets

Fixed assets, right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill that is separately presented in the financial statements is tested at least semi-annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

(19) Employee benefits

Employee benefits are all forms of considerations given in exchange for services rendered by employees, mainly include short-term employee benefits and demission benefits.

(a) Short-term employee benefits

Short-term employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and short-term compensated absences. When an employee has rendered service to the Group during an accounting period, the Group shall recognize short-term employee benefits as liabilities and charge to the cost of an asset or as an expense at the same time. Non-monetary benefits are measured in accordance with fair value.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(19) Employee benefits *(Continued)*

(b) Demission benefits

Demission benefits are classified as defined contribution plan and defined benefit plan. Defined contribution plan is a demission benefits plan in which the Group is not obliged to make further payment after paying a certain amount to individual funds. Defined benefit plan is a demission benefits plan except for defined contribution plan. During the reporting period, demission benefits mainly include basic social pension security, supplementary social pension security and unemployed insurance, all of which are defined contribution plan.

Basic social pension security

Employees of the Group participate in the basic social pension plan set up and administered by the local labour and security departments. Basic pensions are provided monthly according to stipulated proportions and basis, which are paid to local labour and social security institutions. After retirement of employees, local labour and social security departments will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to profit or loss for the period or cost of related assets.

The Group provides a pension scheme, which is established under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), for all employees in Hong Kong. The Group and its qualified Hong Kong employees make monthly MPF Scheme contributions in accordance with statutory requirements. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Supplementary pension security plan

Qualified employees of the Group can voluntarily join the supplementary pension security plan. Supplementary pensions are provided monthly based on employees' social security basis from the Group and employee, which are paid to trustee monthly. After retirement of employees, trustee will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to profit or loss for the period or cost of related assets.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(20) Distribution of dividends

The amount of dividends is recognized as liability in the current period in which it is approved by general meeting of shareholders.

(21) Provisions

Provisions for product warranties, loss contracts etc. are recognized when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions for financial guarantee contracts recognized by the Group on the basis of expected credit loss are presented as provisions.

A provision is disclosed as current liabilities if it is expected to be paid within one year since the balance sheet date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(22) Revenue

When a customer gains control of the relevant goods or services, the Group recognizes the revenue at the amount of consideration expected to be entitled to receive.

(a) Sales of properties

Revenues are recognized when or as the control of the properties is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the properties may transfer over time or at a point in time. Control of the asset is transferred over time if the following conditions are satisfied:

- The customers obtain and consume the economic benefits brought by the Group's performance simultaneously to the Group's performance; or
- The customers have control on the properties under construction during the Group's performance; or
- The properties constructed by the Group in the process of performing the contract have irreplaceable uses, and the group has the right to collect money for the performance part that has been completed so far during the whole contract period.

If control of the properties transfers over time, the Group recognized the revenue according to the progress of fulfilling the obligations during the whole contract period. Otherwise, revenue is recognised at a point in time when the customer obtains control of the properties.

As at the reporting date, the Group recognizes revenue from contracts of sale of properties recognized over time according to the progress of performance obligations. The progress of fulfilling the performance obligations is measured by the expenditure or input of the Group to fulfill the performance obligations. The progress is calculated based on the proportion of the cost incurred by each contract to the budget cost by the end of the reporting period.

For the contracts of sale of properties which transfers the control of properties at a point in time, the revenue is recognized when the properties completed and is delivered or deemed to be delivered to the customer.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(22) Revenue *(Continued)*

(b) Primary land development

Some of the Group's primary land development recognized revenue over time, and the progress of implementation is based on the proportion of the cost incurred over the budgeted cost by the end of the reporting period. Some recognized revenue at a point in time.

(c) Retail income

The Group is engaged in retail business through Outlets. When the Group transfers goods to customers, the Group recognizes the sales income of the goods. Retail income is usually settled by cash or credit card.

(d) Income from property management services

Income from property management services is recognized in the accounting period in which services are provided. If the contract involves multiple services, the transaction consideration will be allocated to the performance obligations according to its relatively independent selling price.

(23) Government grants

Government grants are the gratuitous monetary assets or non-monetary assets that the Group receives from the government, including tax returns and financial subsidies.

Government grants are recognized when there is reasonable assurance that the grants will be received and the Group is able to comply with the conditions attaching to them. Monetary assets of the government grants are measured as the amount received or receivable. Non-monetary assets of the government grants are measured as fair value or notional value if the fair value cannot be obtained reliably.

A government grant related to an asset is the government grants acquired by the Group that specified for construction or in other ways to form long-term assets. Government grants related to income are government grants other than government grants related to assets.

Government grants related to assets are recognized as deferred revenue or writing down book value of relevant assets and will be amortized over the useful life of the related assets in profit or loss using a reasonable and systematic method. Government grants related to income which are used to compensate expenses or losses in subsequent periods, are recognized as deferred revenue and realized in profit or loss or writing down relevant costs for the year such expenses or losses occurred; the ones which are to compensate expenses or losses occurred in previous periods are directly realized in profit or loss or writing down relevant costs. The Group disclosed government grants in the same category in the same way.

Government grants related to daily operations are recognized in other income and otherwise in non-operating income or expenses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(23) Government grants *(Continued)*

The book value of the borrowings with granted prime interest rate received by the Group are recognized at the value of net cash received, and the borrowing costs are calculated on the capital of borrowings and the granted prime interest rate. The fiscal interests discount received directly by the Group write down the borrowing costs related.

(24) Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred income tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred income tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available to offset the deductible temporary differences, deductible losses, and deductible tax amounts.

Deferred income tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future to offset the deductible temporary differences, the corresponding deferred income tax assets are recognized.

Deferred income tax assets and liabilities are offset if all the following conditions are met:

- the deferred income tax assets and liabilities are related to the income tax levied by the same tax department on the same taxpayer within the Group;
- the tax payer within the Group has a legally enforceable right to offset current tax assets and current tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(25) Leases

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee for consideration within a certain period of time.

The Group as lessee

The Group recognizes the right-of-use assets at the beginning of the lease term and recognizes the lease liabilities at the present value of the unpaid lease payments. The lease payment includes the fixed payment and the payment to be made when it is reasonably determined that the purchase option will be exercised or the lease option will be terminated. The variable rent determined according to a certain proportion of the sales volume is not included in the lease payment and is included in the profit or loss for the current period when it actually occurs. The Group presented the lease liabilities due within one year (including one year) from the balance sheet date as current portion of non-current liabilities.

The Group's right-of-use assets include rental buildings. The right-of-use assets are initially measured at cost, which includes the initial measurement amount of the lease liabilities, the lease payments paid on or before the lease term, the initial direct expenses, etc., and deducted the received lease incentives. If the Group can reasonably determine the ownership of the leased asset at the end of the lease term, depreciation shall be accrued within the remaining service life of the leased asset; if it cannot reasonably determine whether the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the book value of the right-to-use asset, the Group writes down its book value to the recoverable amount.

For short-term leasing with a lease term of no more than 12 months and low value asset, that is, single asset with low value when it is new, the Group chooses not to recognize the right-of-use assets and lease liabilities, and the relevant rent expense is included in profit or loss for the current period or cost of related asset using the straight-line method in each period of the lease term.

For the rent reduction or exemption that was directly caused by the 2019 Novel Coronavirus ("COVID-19") and only for the rent reduction before 30 June 2021, the Group chose to adopt a simplified method to incorporate the non discounted allowance into the profit and loss of current period when the agreement of reduction to the original obligation to pay was agreed, and adjust the lease liabilities accordingly.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(25) Leases *(Continued)*

The Group as lessor

A lease that substantially transfers almost all the risks and rewards related to the ownership of the leased asset is a financial lease. Other leases are operating leases.

(a) Operating lease

When the Group leases out its own buildings, the rental income from operating leases are recognized using the straight-line method during the lease term. The Group includes the variable rent determined by a certain proportion of the sales volume into the rental income when it actually occurs.

For the rent reduction or exemption that was directly caused by the COVID-19 and only for the rent reduction before 30 June 2021, the Group chose to adopt a simplified method to make the reduced or exempt rent as variable rent and recognize in profit or loss in the period.

(26) Maintenance and quality guarantee funds

Maintenance fund is collected from property buyers according to related regulations on behalf of housing administration bureau, by certain percentage of selling price of property, the fund will be delivered to housing administration bureau upon registration of property ownership. Maintenance fund is recognized in other payables when received and is for the repair and update for the common parts and equipment and public facilities of the real estate specially.

Quality guarantee fund is reserved by certain percentage of the project payment and when the properties are completed it will be repaid to constructor, in condition that there's no quality issue in agreed warranty period.

(27) Held for sale and discontinued operations

A non-current asset or a disposal group satisfying the following conditions is classified as held for sale: (1) the non-current asset or the disposal group in current conditions can be sold immediately according to usual trading terms; (2) the Group has made a legally binding sales agreement and has been approved for disposal, and the transfer will be completed within one year.

Non-current assets (except for financial assets, investment property at fair value and deferred income tax assets), which meet the recognition criteria for held for sale are measured at the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognized as an asset impairment loss.

Non-current assets classified as held for sale, the assets and liabilities in the disposal groups are classified as current assets and current liabilities and should be presented on the balance sheet separately.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Held for sale and discontinued operations *(Continued)*

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group: (i) the component represents a separate major line of business or an individual geographical area of operations; (ii) is part of a single coordinated plan to disposal of a separate major line of business or an individual geographical area of operations; (iii) is a subsidiary acquired exclusively for the purpose of resale.

Profit or loss from discontinued operation presented in income statements includes profit or loss from operating and the disposal.

(28) Segment information

The Group identifies operating segments based on the internal organization, management requirements and internal reporting system and the reportable segments are determined and segment information is disclosed based on the operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its operation activities; (ii) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have the similar economic characteristics and satisfy certain conditions, they could be aggregated into one single operating segment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(29) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Critical accounting estimates and its key assumptions

The following critical accounting estimates and key assumptions may lead to significant adjustments to the book value of assets and liabilities in the next fiscal year:

(i) Deferred income tax assets

Judgment for whether deductible temporary differences and deductible losses can be reversed in the future period is required from the Group in recognizing deferred income tax assets. For deductible losses that can be carried forward in the subsequent years, the Group recognized the corresponding deferred income tax assets to the extent that the taxable income which is likely to be obtained for deducting the deductible loss in the future. The taxable income obtained in the future includes the taxable income that can be realized by the Group through normal production and operation activities, and the taxable income that will be increased when the taxable temporary difference generated in the previous period is reversed in the future. The Group needs to use estimation and judgment when determining the time and amount of obtaining the taxable income in the future. If there is a difference between the actual situation and the estimate, the book value of the deferred income tax assets may be adjusted.

NOTES TO THE FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(29) Critical accounting estimates and judgments *(Continued)*

Critical accounting estimates and its key assumptions *(Continued)*

(ii) Fair value of investment properties

The Group adopts fair value model for subsequent measurement of investment properties. Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measured. Critical estimates and judgments are required in determining the timing to adopt fair value model for subsequent measurement of investment properties, the Group makes such estimates and judgments based on the area, market condition, and development progress of the investment property project. The Group obtains independent valuations for its investment properties annually from independent professional appraiser as a third party. The fair value is determined in accordance with the methods below:

- Current prices (open market quotations) in an active market for the same or similar investment properties;
- When such information above is not available, then use recent trading prices in an active market of the same or similar investment property, and take the factors of situations, dates and locations of transactions, etc. into consideration;
- Based on the estimated rental income generated in the future and present value of the related cash flows.

(iii) Measurement of expected credit loss

The Group calculates the expected credit loss by default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses the internal historical credit loss experience and other data, and adjusts the historical data in combination with the current situation and forward-looking information. When considering forward-looking information, the indicators used by the Group include macroeconomic indicators, changes in the industry market environment and customer conditions, etc. The Group regularly monitors and reviews the assumptions related to the calculation of expected credit loss. The above estimation techniques and key assumptions have not changed significantly in 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(29) Critical accounting estimates and judgments *(Continued)*

Key judgement of adoption of accounting policies

(i) Presentation of liquidity

The Group presents the liquidity of contract assets, accounts receivable and other receivables, which involves critical estimation and judgment. The Group classifies and presents the long-term and short-term assets according to the actual status and future development expectation of the corresponding items of the assets, taking into account the normal business cycle and industry treatment practices.

(30) Changes in important accounting policies

In 2020, the Ministry of Finance promulgated the “Notice on Printing and Distributing the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19” (Caikuai 2020 No. 10). For the rent reduction or exemption that was directly caused by the COVID-19, reached with the lessee and the lessor, and only for the rent reduction before 30 June 2021, the Group and the Company have referred to the simplified method of the notice when preparing the 2020 financial statements (Note 4(38), Note 4(40)).

NOTES TO THE FINANCIAL STATEMENTS

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

3. TAXATION

The types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Enterprise income tax	Taxable income of subsidiaries located in the PRC	25%
	Income from taxable dividends of non-resident enterprises and investments disposal in mainland China	5% to 10%
	Taxable income of subsidiaries located in Hong Kong	16.5%
Value added tax ("VAT")	Taxable value added amount (calculated at taxable sales multiplied by applicable tax rate, deducting the input VAT deductible in current period)	3%, 5%, 6%, 9%, 10%, 11%, 13%, 16%, 17%
Land appreciation tax ("LAT")	Taxable value added amount through sales of properties	30% to 60%
City maintenance and construction tax	Amount of business tax and VAT paid	5%, 7%
Education surcharge	Amount of business tax and VAT paid	According to the policies implemented at the location of the company
Property tax	Taxable residual value of properties	1.2%
	Rental income of properties	12%

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment of VAT Tax Rate issued by the Ministry of Finance and the State Administration of Taxation (No. 32 of Finance and Tax [2018]), and relevant provisions, the VAT tax rate applicable to the income of the Group's sales of properties is 10% from 1 May 2018.

According to the Notice of Announcement on policies to deepen VAT reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (Announcement No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs in 2019), and relevant provisions, the VAT tax rate applicable to the income of the Group's sales of properties is 9% from 1 April 2019.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2020	31 December 2019
Cash on hand	481	387
Bank deposits	37,127,001	26,914,610
Other cash balances	50,998	120,247
Total	37,178,480	27,035,244

As at 31 December 2020, bank deposits include supervised advances from customers, mortgaged and pledged deposits for loans, performance guarantee fee, security deposits for certain mortgage loans to customers and certain loan and bond interests amounted to RMB1,477,234,000 (31 December 2019: RMB1,165,488,000).

As at 31 December 2020, other cash balances include deposits for bank acceptance bill amounted to RMB50,998,000 (31 December 2019: RMB78,651,000).

(2) Trading financial assets and trading financial liabilities

	31 December 2020	31 December 2019
Trading financial assets –		
Investment of real estate projects in Australia expected to be recovered within one year (i)	242,648	3,520,171
Entrusted investment of asset management plan (ii)	58,173	189,198
Capped currency swap contracts (iii)	47,922	51,973
Total	348,743	3,761,342
Trading financial liabilities –		
Capped currency swap contracts (iii)	151,270	–

(i) The amount is the investment of real estate projects in Australia. As at 31 December 2020, the fair value of the investment expected to be recovered within one year amounted to RMB242,648,000 (31 December 2019: RMB3,520,171,000); the fair value of the investment expected to be recovered over one year amounted to RMB4,120,310,000 (31 December 2019: RMB1,066,373,000) (Note 4(10)).

(ii) As at balance sheet date, the fair value of the trading financial assets is determined by the closing price on the last trading day of the year.

(iii) The Group entered into capped currency swap contracts for certain foreign currency liabilities such as medium-term notes and foreign currency borrowings, etc., which belong to derivatives. The Group recognized such derivatives due within one year as trading financial assets or trading financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(3) Trade receivable

	31 December 2020	31 December 2019
Trade receivable	1,503,861	5,225,581
Less: provision for doubtful debts (b)	(8,175)	(7,000)
Net	1,495,686	5,218,581

Most sales of the Group are in the form of cash and advanced payment. Other sales are collected according to the agreed terms on sales contract.

(a) The aging of trade receivable based on their recording dates is analyzed as follows:

	31 December 2020	31 December 2019
Within 1 year	309,503	2,125,067
1 to 2 years	306,803	1,049,449
2 to 3 years	79,473	2,042,968
Over 3 years	808,082	8,097
Total	1,503,861	5,225,581

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(3) Trade receivable *(Continued)*

(b) Provision for doubtful debts

For trade receivable, regardless of whether there is a significant financing component, the Group measures the loss provision based on the expected lifetime loss rate.

As at 31 December 2020, the trade receivable from China Reinsurance (Group) Corporation was RMB7,000,000. The Group considered that the receivable was difficult to recover, so it made a full provision for doubtful debt.

Analysis of portfolio assessment for provision for doubtful debts of trade receivable are as follows:

	Book value	Expected lifetime credit loss rate (%)	Provision for doubtful debts
Receivables from primary land development	800,000	0.12	(959)
Receivables from property sales and rental	696,861	0.03	(216)
Total	1,496,861		(1,175)

The Group's trade receivable with doubtful debt provision based on portfolio are mainly due from a land consolidation center for primary land development, with an IRR of 0%, and there is no significant financing component. As at 31 December 2020, the balance of the amount is RMB4,170,764,000, and the amount expected to be recovered within one year is RMB800,000,000, the amount expected to be recovered over one year is RMB3,370,764,000 (Note 4(9)). According to the measurement of expected lifetime credit loss, the provision accrued for this year is RMB5,000,000, of which RMB959,000 accrued for the part expected to be recovered within one year and RMB4,041,000 accrued for the part expected to be recovered over one year (Note 4(9)).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Advances to suppliers

	31 December 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	2,035,553	96	2,377,457	97
Over 1 year	75,895	4	66,534	3
Total	2,111,448	100	2,443,991	100

(5) Other receivables

	31 December 2020	31 December 2019
Receivables due from related parties (Note 9(6))	15,385,303	14,559,943
Receivables from joint bidding (i)	994,614	3,775,266
Land deposits and other guarantee deposits	511,008	419,630
Consideration receivables from disposal of equity and claims for debts (ii)	316,541	2,894,796
Receivables from routine business	303,420	217,182
Collect and remit payment on behalf	130,407	157,388
Receivables from government repurchase of land use rights	69,931	124,927
Dividends receivables from related parties (Note 9(6))	36,578	36,578
Interests receivables	429	528
Others	581,142	411,800
Total	18,329,373	22,598,038
Less: provision for doubtful debts	(278,465)	(247,041)
Net	18,050,908	22,350,997

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(5) Other receivables *(Continued)*

- (i) As at 31 December 2020, receivables from joint bidding were mainly receivables of the Group due from cooperation in real estate projects with third party real estate development companies.
- (ii) As at 31 December 2020, receivables from Outlets Property Investment Guangdong Ltd. (hereinafter "Outlets Guangdong") amounted to RMB316,541,000 (31 December 2019: RMB316,541,000). The Group has accrued provision for impairment of RMB109,541,000 based on the expected lifetime credit loss(31 December 2019: RMB178,000,000).

(a) Aging analysis of other receivables are as follows:

	31 December 2020	31 December 2019
Within 1 year	14,793,193	18,525,885
1 to 2 year	1,030,000	3,095,488
2 to 3 years	1,956,211	377,311
Over 3 years	549,969	599,354
Total	18,329,373	22,598,038

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book value

	First stage					Third stage		Total
	Expected credit loss over the next 12 months (grouping)		Expected credit loss over the next 12 months (separate)		Sub-total	Expected credit loss for the lifetime (impairment has occurred)		
	Provision for doubtful debts		Provision for doubtful debts			Book value	Provision for doubtful debts	
	Book value	doubtful debts	Book value	doubtful debts	doubtful debts		Book value	
31 December 2019	17,456,863	–	4,712,593	–	–	428,582	(247,041)	(247,041)
Movement	(979,649)	(83,229)	(3,313,023)	–	(83,229)	24,007	51,805	(31,424)
31 December 2020	16,477,214	(83,229)	1,399,570	–	(83,229)	452,589	(195,236)	(278,465)

As at 31 December 2019, there is no significant expected loss for other receivables at the first stage and no provision for doubtful debts has been recognized. As at 31 December 2020, analysis of provision for doubtful debts for other receivables at the first stage are as follows:

	Book value	Expected credit loss rate for the next 12 months (%)	Provision for doubtful debts
Group assessment for provision:			
Portfolio of receivables from related parties and joint bidding	16,379,917	0.5	(83,229)
Others	97,297	–	–
Total	16,477,214		(83,229)

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book value (Continued)

As at 31 December 2020 and 31 December 2019, the Group had no other receivables at the second stage.

As at 31 December 2020, analysis of provision for doubtful debts for other receivables at the third stage are as follows:

	Book value	Expected lifetime credit loss rate (%)	Provision for doubtful debts	Reason
Separate assessment for provision:				
Receivables from Outlets Guangdong	316,541	35	(109,541)	Note 4(5)(ii)
Receivables of agent construction from Nanjing Longpao project	66,219	35	(23,219)	
Others	69,829	89	(62,476)	
Total	452,589		(195,236)	

As at 31 December 2019, analysis of provision for doubtful debts for other receivables at the third stage are as follows:

	Book value	Expected lifetime credit loss rate (%)	Provision for doubtful debts	Reason
Separate assessment for provision:				
Receivables from Outlets Guangdong	316,541	56	(178,000)	Note 4(5)(ii)
Receivables of agent construction from Nanjing Longpao project	66,219	35	(23,219)	
Others	45,822	100	(45,822)	
Total	428,582		(247,041)	

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories

(a) Inventories are classified as follows:

	31 December 2020			31 December 2019		
	Book balance	Provision for inventories	Book value	Book balance	Provision for inventories	Book value
Properties under development	78,032,394	–	78,032,394	69,435,551	–	69,435,551
Properties held for sale	23,970,068	(119,188)	23,850,880	16,218,552	(53,616)	16,164,936
Land under development	197,114	–	197,114	68,928	–	68,928
Merchandise	465,674	–	465,674	258,788	–	258,788
Others	897	–	897	496	–	496
Total	102,666,147	(119,188)	102,546,959	85,982,315	(53,616)	85,928,699

(b) The movement of inventories' book balance during the year is as follows:

	31 December 2019	Additions	Reductions	31 December 2020
Properties under development	69,435,551	30,409,216	(21,812,373)	78,032,394
Properties held for sale	16,218,552	21,858,778	(14,107,262)	23,970,068
Land under development	68,928	128,186	–	197,114
Merchandise	258,788	426,787	(219,901)	465,674
Others	496	1,025	(624)	897
Total	85,982,315	52,823,992	(36,140,160)	102,666,147

(c) Analysis of provisions for impairment of inventories are classified as follows:

	31 December 2019	Additions	Reductions		31 December 2020
		Provision	Reverse	Write-off	
Properties held for sale	53,616	69,623	–	(4,051)	119,188
Total	53,616	69,623	–	(4,051)	119,188

As at 31 December 2020, certain land use rights and buildings in properties under development of the Group with the carrying amount of RMB20,003,701,000 (31 December 2019: RMB25,110,064,000) have been mortgaged as security for bank borrowings amounted to RMB8,589,237,000 (31 December 2019: RMB7,102,668,000).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets

	31 December 2020	31 December 2019
Primary land development	5,019,400	5,734,719
Less: Provision for contract assets	–	–
Net	5,019,400	5,734,719

No matter whether there is significant financing component in the contract assets, the Group measures the loss provision according to the expected lifetime credit loss. As at 31 December 2020 and 31 December 2019, the contract assets of the Group are not overdue. No significant expected credit loss and no provision for impairment has been recognized.

(8) Other current assets

	31 December 2020	31 December 2019
Prepaid taxes	2,173,023	2,452,458
Input tax to be certified	36,785	12,133
Costs for obtaining contracts	263,853	127,555
Total	2,473,661	2,592,146

(9) Long-term receivables

	31 December 2020	31 December 2019
Receivables from primary land development (Note 4(3)(b))	3,370,764	–
Receivables from investment of project in France	147,559	–
Others	8,925	2,000
Total	3,527,248	2,000
Less: Provision for receivables from primary land development (Note 4(3)(b))	(4,041)	–
Net	3,523,207	2,000

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other non-current financial assets

	31 December 2020	31 December 2019
Investment of real estate projects in Australia (Note 4(2)(i))	4,120,310	1,066,373
Investment of Beijing Tiancheng Yongtai Real Estate Co., Ltd., ("Tiancheng Yongtai") (i)	1,682,731	2,150,330
Capped currency swap contracts	–	233,321
Total	5,803,041	3,450,024

(i) The investment is the right to profit in real estate development project of Tiancheng Yongtai held by the Group.

(11) Long-term equity investments

	31 December 2020	31 December 2019
Joint ventures (a)	4,902,221	3,923,152
Associates (b)	1,800,701	1,777,215
Total	6,702,922	5,700,367
Less: provision for impairment of long-term equity investments	–	–
Net	6,702,922	5,700,367

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term equity investments (Continued)

(a) Joint ventures

	31 December 2019	Changes in this year					31 December 2020
		Increase in investment	Decrease in investment	Share of net (loss)/profit	Share of other comprehensive income	Other equity movement	
Shouwan Yuye (Shanghai) Property Services Co., Ltd. ("Shouwan Yuye") (i)	11,971	-	(11,971)	-	-	-	-
Shanghai Shoujia Real Estate Co., Ltd. ("Shanghai Shoujia") (ii)	293,829	-	(293,724)	(105)	-	-	-
Wuhan Rongcheng Kaichuang Investment Development Co., Ltd. ("Wuhan Rongcheng Kaichuang") (iii)	-	2,280,595	(2,209,532)	(71,063)	-	-	-
Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi") (iv)	212,005	-	(225,992)	13,987	-	-	-
Shanghai Zhiyue Industrial Co., Ltd. ("Shanghai Zhiyue") (v)	201,582	-	(199,675)	(1,907)	-	-	-
Beijing Jinhaihu Culture Tourism Investment Co., Ltd. (x)	241,677	49,000	-	(200)	-	-	290,477
Ningbo Shouju Yiming Investment Partnership (LLP) (x)	234,854	13,880	-	323	-	-	249,057
Zuhai Hengqin Chengdu Weihua Equity Investment Fund (LLP) ("Zuhai Hengqin Chengdu Weihua Fund") (vi)	73,458	-	-	(16,803)	-	-	56,655
Beijing Wanzhu Real Estate Co., Ltd. ("Beijing Wanzhu")	41,466	-	-	1,837	-	-	43,303
Zuhai Hengqin Shouju Chuangxin Equity Fund Co. Ltd. ("Zuhai Hengqin Fund Management Company")	31,410	-	-	(1,875)	-	-	29,535
Beijing Chuangyuan Yicheng Real Estate Co., Ltd. ("Chuangyuan Yicheng")	15,418	-	-	(15,418)	-	-	-
Chongqing Huayu Yesheng Industrial Co., Ltd. ("Chongqing Huayu Yesheng")	24,588	-	-	64,025	-	-	88,613
Tianjin Ruibin Real Estate Co., Ltd. ("Tianjin Ruibin")	315,073	-	-	(2,352)	-	-	312,721
Shanghai Henggu Real Estate Development Co., Ltd. ("Shanghai Henggu")	132,127	-	-	(3,610)	-	-	128,517
Shanghai Songming Real Estate Development Co., Ltd. ("Shanghai Songming")	101,498	-	-	(474)	-	-	101,024
Tianjin Hefa Real Estate Development Co., Ltd. ("Tianjin Hefa")	312,728	-	-	(15,509)	-	-	297,219
Beijing Jinlong Yonghui Real Estate Co., Ltd. ("Jinlong Yonghui") (vii)	43,006	-	-	(13,363)	-	-	29,643

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term equity investments (Continued)

(a) Joint ventures (Continued)

	31 December 2019	Changes in this year						31 December 2020
		Increase in investment	Decrease in investment	Share of net profit/(loss)	Share of other comprehensive income	Other equity movement	Cash dividend or profit declared	
Beijing Dacheng Guangyuan Real Estate Co., Ltd. ("Dacheng Guangyuan") (viii)	122,509	-	-	3,210	-	-	(75,000)	50,719
Tianjin Lianjin Real Estate Development Co., Ltd. ("Tianjin Lianjin")	256,163	-	-	7,884	-	-	-	264,047
Tianjin Lianzhan Real Estate Development Co., Ltd. ("Tianjin Lianzhan") (ix)	142,807	-	-	(4,384)	-	-	-	138,423
Beijing Jingu Chuangzhan Real Estate Co., Ltd. ("Jingu Chuangzhan")	170,584	-	-	(24,194)	-	-	-	146,390
Beijing Yuechuang Real Estate Development Co., Ltd. ("Beijing Yuechuang")	137,755	-	-	(12,126)	-	-	-	125,629
Beijing Tonghao Beifang Real Estate Co., Ltd.	16,760	-	-	4,007	-	-	-	20,767
Tianjin Harmony Carp Equity Investment Fund Partnership (Limited) ("Tianjin Harmony Carp")	714,942	-	-	9,264	-	-	-	724,206
Xiamen Rongdi Real Estate Co., Ltd. ("Xiamen Rongdi")	21,179	-	-	(14,932)	-	-	-	6,247
Zhuhai Shouzheng Dejin Equity Investment Fund (LLP)	24,800	-	-	(335)	-	-	-	24,465
Yunnan Dianfu Real Estate Development Co., Ltd. ("Yunnan Dianfu") (x)	-	499,591	-	(26,462)	-	-	-	473,129
Beijing Jingu Chuangxin Real Estate Co., Ltd. ("Jingu Chuangxin") (x)	-	66,000	-	(9,018)	-	-	-	56,982
Tianjin Longma Hechuang Equity Investment Partnership (LLP) ("Longma Hechuang") (x)	-	346,535	-	(5,542)	-	-	-	340,993
Nanjing Xidi Xinke Business Management Co., Ltd. ("Xidi Xinke") (x)	-	406,950	-	(30,741)	-	-	-	376,209
Ruiming Xinde(Tianjin) Investment Partnership (LLP) ("Ruiming Xinde") (x)	-	500,100	-	180	-	-	-	500,280
Others	28,963	9,986	-	(11,978)	-	-	-	26,971
Total	3,923,152	4,172,637	(2,940,894)	(177,674)	-	-	(75,000)	4,902,221

The related information of significant joint ventures are set out in note 6(2).

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11) Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (i) The Group original held 51% equity interests of Shouwan Yuye. According to the original articles of association of the company, the decisions of relevant operation activities of Shouwan Yuye require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. In January 2020, Shouwan Yuye completed the change of its governance structure and dispatched key governance or management personnel such as the chairman, general manager and chief financial officer. After the change is completed, the Group can control the board of shareholders, the board of directors and key management positions, so it is recognized as a subsidiary.
- (ii) The Group original held 60% equity interests of Shanghai Shoujia. According to the articles of association of the company, the decisions of relevant operation activities of Shanghai Shoujia require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. In March 2020, Shanghai Shoujia completed the change of its governance structure. After the change is completed, the Group can control the board of shareholders and the board of directors, so it is recognized as a subsidiary.
- (iii) In 2019, the Group and other shareholders jointly set up Wuhan Rongcheng Kaichuang, with 49% of the shares held by the Group. At the time of establishment, the articles of association of the company stipulated that the resolutions of the shareholders' meeting and the board of directors could be passed only after unanimous voting, so the Group accounted for it as a joint venture. As at 31 December 2019, the Group has invested a shareholder loan of RMB1,409,100,000 in it, while other shareholders have not. In June 2020, according to the development situation and expectation of the project in Wuhan and their respective investment and strategic considerations, the Group and other shareholders changed their investment intention and cooperation mode for Wuhan Rongcheng Kaichuang, modified the governance structure of it, and changed its charter. After the amendment, the decision-making body of the company is the board of directors, and the resolutions on important matters of the board of directors are passed by half of the votes. The Group has the right to appoint three of the five directors to the board of directors, so as to lead the decision-making of the board of directors. After the change, the Group can control Wuhan Rongcheng Chuang, so it is recognized as a subsidiary.
- (iv) The Group original held 51% equity interests of Shangbodi. According to the original articles of association of the company, the decisions of relevant operation activities of Shangbodi require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. In October 2020, Shangbodi completed the change of its decision-making mechanism and change of control. After the change is completed, the Group can control the board of shareholders, the board of directors and key management positions, so it is recognized as a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11) Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (v) The Group holds 50% equity interests of Shanghai Zhiyue, it is recognized as a joint venture. During the current year, the Group and other shareholders of Shanghai Zhiyue decrease capital to Shanghai Zhiyue in proportion to the number of shares owned. The amount of capital reduction of the Group is RMB225,000,000.
- (vi) Zhuhai Hengqin Chengdu Weihua Fund is limited partnership established in 2015, which holds 100% equity interests in Chengdu Jinhui Real Estate Co., Ltd. (hereinafter "Chengdu Jinhui"). The Group subscribes 22.52% of the intermediate units in the fund. The fund has a total scale of 1,200,000,000 shares amounted to RMB1,200,000,000. The fund is treated as interests of non-consolidated special purpose vehicle of the Group.

In 2020, the Group recognized investment loss of RMB16,803,000 (2019: investment income of RMB39,217,000).
- (vii) The Group holds 14.55% equity interests of Jinlong Yonghui. According to the articles of association of the company, the decisions of relevant operation activities of Jinlong Yonghui require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (viii) The Group holds 12.5% equity interests of Dacheng Guangyuan. According to the articles of association of the company, the decisions of relevant operation activities of Dacheng Guangyuan require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. During the current year, the amount of dividends distributed by Dacheng Guangyuan to shareholders is RMB600,000,000, and the Group enjoys a share of RMB75,000,000 in proportion to the number of shares owned.
- (ix) The Group holds 17.5% equity of Tianjin Lianzhan. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Lianzhan require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (x) In 2020, the Group paid in some of the registered capital of these joint ventures.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term equity investments (Continued)

(b) Associates

	31 December 2019	Changes in this year					31 December 2020
		Increase in investment	Decrease in investment	Share of net profit/(loss)	Share of other comprehensive income	Other equity movement	
Zhongguancun Integrated Circuit Garden Development Co., Ltd. ("Zhongguancun Integrated Circuit Garden") (i)	474,840	-	-	18,428	-	-	493,268
Shenyang Capital Xinzi Real Estate Co., Ltd. ("Shenyang Xinzi")	243,200	-	-	(10,993)	-	-	232,207
Tianjin Xinming Real Estate Co., Ltd. ("Tianjin Xinming")	194,808	-	-	(53)	-	-	194,755
Tianjin Xinqing Real Estate Co., Ltd. ("Tianjin Xinqing")	79,776	-	-	(150)	-	-	79,626
Nanchang Huachuang Xinghong Real Estate Co., Ltd. ("Nanchang Huachuang")	24,780	-	-	(1,253)	-	-	23,527
Beijing Tengtai Yiyuan Real Estate Co., Ltd. ("Tengtai Yiyuan")	198,168	-	-	(6,419)	-	-	191,749
Beijing Kaiyuan Hean Investment Management Co., Ltd. (Kaiyuan Hean)	492,255	-	-	(7,385)	-	-	484,870
Guangzhou Zengcheng Runyu Real Estate Co., Ltd. ("Guangzhou Runyu")	29,845	-	-	(7,368)	-	-	22,477
Beijing Capital Cultural Industry Investment Fund (LLP) ("Cultural Industry Investment Fund")	-	30,000	-	396	-	-	30,396
Zhuhai Hengqin Ruiyuan Jialing Equity Investment Fund (LLP) ("Zhuhai Hengqin ruiyuan Jialing Fund") (ii)	-	-	-	-	-	-	-
Others	39,543	6,965	-	1,318	-	-	47,826
Total	1,777,215	36,965	-	(13,479)	-	-	1,800,701

The related information of significant associates are set out in note 6(2).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term equity investments (Continued)

(b) Associates (Continued)

- (i) The Group holds 50% equity interests of Zhongguancun Integrated Circuit Garden. According to the articles of association, the Group has significant influence on board of Zhongguancun Integrated Circuit Garden, which is responsible for the financial decisions in the ordinary course of business, therefore it is classified as an associate of the Group.
- (ii) Zhuhai Hengqin Ruiyuan Jialing Fund is limited partnership established by Zhuhai Hengqin Fund Management Company as the general partner in 2014. The Group subscribes 20.73% of the intermediate units in Zhuhai Hengqin Ruiyuan Jialing Fund, which holds 100% equity interests in Chongqing Shouhui Real Estate Co., Ltd. (hereinafter "Shouhui Real Estate"). The fund has a total scale of 2,200,000,000 shares amounted to RMB2,200,000,000.

The fund is recognized as interests of non-consolidated special purpose vehicle, and the Group has significant influence over the fund according to the partnership agreement, therefore it is classified as an associate.

(12) Investments in other equity instrument

	31 December 2020	31 December 2019
Equity instrument investments		
– UCOMMUNE (Beijing) Venture Investment Co., Ltd. ("UCOMMUNE")	67,232	238,283
– CDB Siyuan (Beijing) Investment Fund Ltd. ("CDB Siyuan")	31,225	50,000
Total	98,457	288,283
	31 December 2020	31 December 2019
UCOMMUNE		
– Cost	200,000	200,000
– Accumulated changes in fair value	(132,768)	38,283
CDB Siyuan		
– Cost	31,225	50,000
– Accumulated changes in fair value	–	–
Total	98,457	288,283

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(13) Investment properties**

	Investment properties measured at fair value	Investment properties measured at cost (i)	Total
31 December 2019	14,855,841	1,887,432	16,743,273
Additions	–	914,302	914,302
Other adjustments	(44,586)	–	(44,586)
Reductions	(191,483)	–	(191,483)
Gains on change in fair value (Note 4(44))	344,324	–	344,324
Acquisition of subsidiaries (Note 5(1)(b)(iv))	957,000	–	957,000
Transfer of completion	861,349	(861,349)	–
31 December 2020	16,782,445	1,940,385	18,722,830

- (i) As at 31 December 2020, some of the investment properties of the Group are still under construction, of which the fair value cannot be reliably determined but is expected to be measured reliably after the completion. Therefore the Group measures such investment properties at cost until the date construction is completed or the date at which fair value becomes reliably measurable, when is earlier.

In 2020, the capitalized financial costs in the investment properties amounted to RMB93,304,000 (2019: RMB292,266,000). The average capitalization rate is 5.35% (2019: 6.06%).

In 2020, the effect on changes in fair value of investment properties recognized in profit or loss amounted to RMB344,324,000 (2019: RMB91,991,000).

In 2020, the Group disposed investment properties with book value of RMB11,982,000 and the disposal gain amounted to RMB2,285,000 (2019: disposed investment properties with book value of RMB826,548,000 and the disposal loss amounted to RMB20,806,000).

In 2020, due to the change of holding intention, the Group converted the investment properties with a book value of RMB46,405,000 into inventory, which has no impact on profit or loss and equity.

In 2020, due to the change of holding intention, the Group converted the investment properties with a book value of RMB133,096,000 into fixed assets, which has no impact on profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Fixed assets

	Buildings	Motor vehicles	Office equipment	Total
Cost				
31 December 2019	304,614	38,954	132,897	476,465
Increase	133,096	3,825	19,131	156,052
Purchase	–	3,481	18,300	21,781
Acquisition of subsidiaries	–	344	831	1,175
Transferred in from investment properties	133,096	–	–	133,096
Decrease	–	(3,583)	(4,965)	(8,548)
Dispose and written-off	–	(3,583)	(4,965)	(8,548)
31 December 2020	437,710	39,196	147,063	623,969
Accumulated depreciation				
31 December 2019	(32,988)	(28,807)	(90,467)	(152,262)
Increase	(11,486)	(3,598)	(24,133)	(39,217)
Provision	(11,486)	(3,598)	(24,133)	(39,217)
Decrease	–	3,034	4,227	7,261
Disposed and written off	–	3,034	4,227	7,261
31 December 2020	(44,474)	(29,371)	(110,373)	(184,218)
Provision for impairment				
31 December 2019	–	–	–	–
Increase	–	–	–	–
Decrease	–	–	–	–
31 December 2020	–	–	–	–
Net book value				
31 December 2020	393,236	9,825	36,690	439,751
31 December 2019	271,626	10,147	42,430	324,203

In 2020, depreciation amount of fixed assets is RMB39,217,000 (2019: RMB46,484,000), from which depreciation expenses charged to administrative expense amounted to RMB32,946,000 (2019: RMB20,424,000).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Right-of-use assets

	Buildings
Cost	
31 December 2019	1,009,951
Increase	639,069
New leasing contract	639,028
Acquisition of subsidiaries	41
Decrease	(24,934)
Expiration of leasing contract	(24,934)
31 December 2020	1,624,086
Accumulated depreciation	
31 December 2019	(94,906)
Increase	(159,401)
Provision	(159,401)
Decrease	24,934
Expiration of leasing contract	24,934
31 December 2020	(229,373)
Provision for impairment	
31 December 2019	–
Increase	–
Decrease	–
31 December 2020	–
Net book value	
31 December 2020	1,394,713
31 December 2019	915,045

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Intangible assets

	Contractual customer relationship	Franchise	Others	Total
Cost				
31 December 2019	–	20,667	30,796	51,463
Increase	304,390	–	14,138	318,528
Purchase	–	–	14,138	14,138
Acquisition of subsidiaries (Note 5(1)(b)(ii))	304,390	–	–	304,390
Decrease	–	–	(45)	(45)
Dispose	–	–	(45)	(45)
31 December 2020	304,390	20,667	44,889	369,946
Accumulated depreciation				
31 December 2019	–	(1,562)	(11,393)	(12,955)
Increase	(30,469)	(4,490)	(4,165)	(39,124)
Provision	(30,469)	(4,490)	(4,165)	(39,124)
Decrease	–	–	–	–
Disposed	–	–	–	–
31 December 2020	(30,469)	(6,052)	(15,558)	(52,079)
Provision for impairment				
31 December 2019	–	–	–	–
Increase	–	–	–	–
Decrease	–	–	–	–
31 December 2020	–	–	–	–
Net book value				
31 December 2020	273,921	14,615	29,331	317,867
31 December 2019	–	19,105	19,403	38,508

In 2020, the amortization of intangible assets amounted to RMB39,124,000 (2019: RMB6,902,000).

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Long-term prepaid expenses

	31 December 2019	Increase	Amortization	31 December 2020
Improvement of investment properties	161,222	23,699	(56,102)	128,819
Improvement of right-of-use assets	268,375	158,787	(32,499)	394,663
Others	23,547	24,935	(13,284)	35,198
Total	453,144	207,421	(101,885)	558,680

(18) Deferred income tax assets and deferred income tax liabilities

(a) Deferred income tax assets before offsetting

	31 December 2020		31 December 2019	
	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets
Provision for impairment	71,700	17,925	32,310	8,077
Accrued salaries and other costs and expenses	720,928	180,232	41,608	10,402
Accumulated losses	9,507,520	2,376,880	7,531,648	1,882,912
Internal unrealized profit elimination	847,744	211,936	501,008	125,252
Total	11,147,892	2,786,973	8,106,574	2,026,643
Including:				
Amounts of reversal expected within 1 year (including 1 year)		346,444		64,756
Amounts of reversal expected beyond 1 year		2,440,529		1,961,887
Total		2,786,973		2,026,643

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred income tax assets and deferred income tax liabilities *(Continued)*

(b) Deferred income tax liabilities before offsetting

	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Other non-current financial assets	247,730	61,933	142,084	35,521
Business combination other than common control	3,055,960	763,990	735,552	183,888
Capitalized interest	4,076,904	1,019,226	3,739,916	934,979
Changes in fair value of investment properties recognized in profit or loss	3,831,881	957,970	3,493,693	873,423
Changes in fair value of investment properties recognized in other comprehensive income	345,768	86,442	373,220	93,305
Depreciation differences of investment properties	484,468	121,117	359,360	89,840
Primary land development	209,948	52,487	339,696	84,924
Others	21,596	5,399	54,316	13,579
Total	12,274,255	3,068,564	9,237,837	2,309,459
Including:				
Amounts of reversal expected within 1 year (including 1 year)		18,229		275,477
Amounts of reversal expected beyond 1 year		3,050,335		2,033,982
Total		3,068,564		2,309,459

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Deferred income tax assets and deferred income tax liabilities (Continued)

- (c) The deductible temporary differences and deductible losses with no deferred income tax assets recognized are as follows:

	31 December 2020	31 December 2019
Deductible losses	3,162,149	3,137,492
Deductible temporary differences	704,414	652,010
Total	3,866,563	3,789,502

- (d) The deductible losses with no deferred income tax assets recognized will be expired as follows:

	31 December 2020	31 December 2019
2020	–	668,652
2021	815,693	821,472
2022	396,396	444,212
2023	454,676	510,104
2024	591,236	693,052
2025	904,148	–
Total	3,162,149	3,137,492

- (e) The net balance of deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2020		31 December 2019	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred income tax assets	213,524	2,573,449	155,718	1,870,925
Deferred income tax liabilities	213,524	2,855,040	155,718	2,153,741

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Other non-current assets

	31 December 2020	31 December 2019
Prepaid taxes	1,130,747	–
Others	10,123	9,921
Total	1,140,870	9,921

(20) Provision for impairment of assets

	31 December 2019	Additions	Decrease		31 December 2020
			Reversal	Write off	
Provision for doubtful debt of trade receivable (Note 4(3)(b))	7,000	1,175	–	–	8,175
<i>Including:</i> Separate assessment for provision	7,000	–	–	–	7,000
Group assessment for provision	–	1,175	–	–	1,175
Provision for doubtful debt of other receivables (Note 4(5)(b))	247,041	99,883	(68,459)	–	278,465
Provision for doubtful debt of long-term receivables (Note 4(9))	–	4,041	–	–	4,041
Sub-total	254,041	105,099	(68,459)	–	290,681
Provision for inventories impairment (Note 4(6)(c))	53,616	69,623	–	(4,051)	119,188
Provisions for goodwill impairment	172,137	–	–	–	172,137
Sub-total	225,753	69,623	–	(4,051)	291,325
Total	479,794	174,722	(68,459)	(4,051)	582,006

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(21) Short-term borrowings

	31 December 2020	31 December 2019
Credit borrowings	495,245	707,658
Mortgaged borrowings (a)	–	168,000
Pledged borrowings (b)	–	833,263
Interest accrued	7,158	8,751
Total	502,403	1,717,672

(a) Mortgaged borrowings

As at 31 December 2020, the mortgaged borrowings in short-term borrowings have been fully repaid (31 December 2019: RMB168,000,000).

(b) Pledged borrowings

As at 31 December 2020, the pledged borrowings in short-term borrowings have been fully repaid (31 December 2019: RMB833,263,000).

As at 31 December 2020, the range of annual interest rate for short-term borrowings is 2.19% to 6.50% (31 December 2019: 4.02% to 6.50%).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Trade payable

The aging analysis of trade payable based on their recording dates is as follows:

	31 December 2020	31 December 2019
Within 1 year	11,818,235	8,348,306
Over 1 year	826,642	203,334
Total	12,644,877	8,551,640

(23) Contract liabilities & other current liabilities

	31 December 2020	31 December 2019
Advances from sales of properties under development	27,229,324	19,384,092
Advances from sales of merchandise	125,629	67,208
Advance from property management fees and service fees	70,728	–
Others	98,580	23,982
Total	27,524,261	19,475,282
Less: Deferred output tax including in advances from sales of properties under development reclassified to other current liabilities (i)	(1,303,235)	–
Net	26,221,026	19,475,282

In 2020, the contract liabilities amounted to RMB13,811,020,000 (2019: RMB11,404,362,000) included in the opening book value were transferred to revenue for the year, including advances from sales of properties under development amounted to RMB13,766,920,000 (2019: RMB11,404,362,000) and advances from sales of merchandise amounted to RMB44,100,000 (2019: Nil).

- (i) As at 31 December 2020, the Group's deferred output tax generated from advances from customers amounted to RMB1,303,235,000.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Employee benefits payables

	31 December 2020	31 December 2019
Short-term employee benefits payables (a)	106,922	254,559
Defined contribution plans payables (b)	1,352	3,995
Total	108,274	258,554

(a) Short-term employee benefit payables

	31 December 2019	Additions	Reductions	31 December 2020
Wages and salaries, bonuses, allowances and subsidies	140,767	829,549	(944,496)	25,820
Staff welfare	–	10,675	(10,658)	17
Social security contributions	3,390	51,779	(53,528)	1,641
<i>Including:</i> Medical insurance	3,062	49,446	(51,026)	1,482
Work injury insurance	258	452	(601)	109
Maternity insurance	70	1,881	(1,901)	50
Housing funds	1,999	72,169	(73,133)	1,035
Labor union funds and employee education funds	10,950	10,255	(12,712)	8,493
Director's emoluments (Note 9(7))	26,550	681	(786)	26,445
Profit sharing plan	70,705	–	(28,000)	42,705
Others	198	4,274	(3,706)	766
Total	254,559	979,382	(1,127,019)	106,922

As at 31 December 2020 and 31 December 2019, there is no defaulted payables in employee benefits.

The Group does not provide non-monetary benefit to employees.

(b) Defined contribution plans payables

	31 December 2019	Additions	Reductions	31 December 2020
Basic social pension security	3,114	17,166	(19,295)	985
Annuity	279	4,254	(4,377)	156
Unemployment insurance	602	539	(930)	211
Total	3,995	21,959	(24,602)	1,352

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Taxes payables

	31 December 2020	31 December 2019
Land appreciation tax payable	3,826,164	3,274,628
Enterprise income tax payable	629,789	644,918
VAT payable	387,403	1,203,307
Others	61,223	81,624
Total	4,904,579	5,204,477

(26) Other payables

	31 December 2020	31 December 2019
Payables to related parties (Note 9(6))	9,027,638	4,058,747
Payables to Tiancheng Yongtai	1,590,898	2,403,511
Payables for routine business	1,304,337	1,221,873
Dividends payable to other equity instruments	431,158	578,171
Security deposit	338,570	362,189
Dividends payable to related parties (Note 9(6))	196,753	196,753
Deposits from customers	118,771	186,078
Collection of deeds tax and maintenance funds on behalf of government	57,211	141,945
Dividends payable to senior perpetual securities	25,704	25,704
Payables for equity transfer	–	1,300,000
Payables to project investment	–	185,605
Others	550,375	523,599
Total	13,641,415	11,184,175

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Current portion of non-current liabilities

	31 December 2020	31 December 2019
Long-term borrowings due within one year (Note 4(28))	12,321,663	10,275,637
Debentures payable due within one year (Note 4(29))	18,680,485	10,170,173
Long-term payables due within one year (Note 4(31))	–	1,580,000
Interest accrued	905,662	738,468
Lease liabilities due within one year (Note 4(30))	119,579	54,795
Total	32,027,389	22,819,073

(28) Long-term borrowings

	31 December 2020	31 December 2019
Credit borrowings (a)	26,727,624	24,520,023
Guaranteed borrowings (b)	–	1,631,000
Mortgaged borrowings (c)	10,390,733	8,397,668
Pledged borrowings (d)	3,660,000	1,500,000
Mortgaged and pledged borrowings (e)	–	1,055,000
Borrowings from debt investment plan (f)	13,270,980	12,900,000
Sub-total	54,049,337	50,003,691
Less: Long-term borrowings due within one year, including:		
Credit borrowings (a)	(6,112,811)	(5,427,605)
Guaranteed borrowings (b)	–	(981,000)
Mortgaged borrowings (c)	(1,708,832)	(1,348,032)
Pledged borrowings (d)	(1,500,000)	–
Mortgaged and pledged borrowings (e)	–	(19,000)
Borrowings from debt investment plan (f)	(3,000,020)	(2,500,000)
Sub-total	(12,321,663)	(10,275,637)
Net	41,727,674	39,728,054

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28) Long-term borrowings *(Continued)*

(a) Credit borrowings

As at 31 December 2020, interests of principal of RMB560,000,000 are paid half-yearly, interests of principal of RMB25,733,624,000 are paid quarterly, interests of principal of RMB434,000,000 are paid monthly. Principal of RMB6,112,811,000 should be repaid on or before 31 December 2021, such amount was classified as long-term borrowings due within one year in financial statements.

(b) Guaranteed borrowings

As at 31 December 2020, the guaranteed borrowings of the Group are fully repaid (31 December 2019: RMB1,631,000,000).

(c) Mortgaged borrowings

As at 31 December 2020, the mortgaged borrowings amounted to RMB10,390,733,000 (31 December 2019: RMB8,397,668,000). Of which, borrowings of RMB8,589,237,000 (31 December 2019: RMB6,934,668,000) were secured by the mortgage of certain properties under development of the Group and the value of those properties are RMB20,003,701,000 (31 December 2019: RMB24,994,773,000), borrowings of RMB1,801,496,000 (31 December 2019: RMB1,463,000,000) were secured by the mortgage of certain investment properties of the Group and the value of those investment properties are RMB5,193,430,000 (31 December 2019: RMB2,708,824,000).

Among the borrowings above, interests of principal of RMB776,000,000 are paid monthly, interests of principal of RMB9,614,733,000 are paid quarterly. Principal of RMB1,708,832,000 should be repaid on or before 31 December 2021, such amount was classified as long-term borrowings due within one year in financial statements.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28) Long-term borrowings *(Continued)*

(d) Pledged borrowings

As at 31 December 2020, borrowings of RMB3,660,000,000 (31 December 2019: RMB1,500,000,000) were pledged by the entitlement to the trade receivables of subsidiaries of the Group.

Interests of the borrowings above are paid quarterly. Principal of RMB1,500,000,000 should be repaid on or before 31 December 2021, such amount was classified as long-term borrowings due within one year in financial statements.

(e) Mortgaged and pledged borrowings

As at 31 December 2020, the mortgaged and pledged borrowings of the Group are fully repaid (31 December 2019: RMB1,055,000,000).

(f) Borrowings from debt investment plan

As at 31 December 2020, the Group had obtained borrowings of RMB13,270,980,000 (31 December 2019: RMB12,900,000,000) through certain debt investment plans. Of which guaranteed by Capital Group are fully paid (31 December 2019: RMB2,500,000,000); RMB13,270,980,000 (31 December 2019: RMB10,400,000,000) are guaranteed by the Group with interests paid quarterly. Among the borrowings above, RMB3,000,020,000 should be repaid before 31 December 2021, such amount was classified as long-term borrowings due within one year in financial statements.

As at 31 December 2020, the range of annual interest rate for long-term borrowings is from 3.30% to 8.50% (31 December 2019: 3.40% to 8.50%).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(29) Debentures payable

	31 December 2019	Issued in current year	Amortization of discount and premium	Redemption in this year	Other movements (i)	31 December 2020	Interest accrued
Corporate bonds (ii)	28,937,970	7,473,019	53,179	(6,419,000)	–	30,045,168	1,439,646
Medium term notes (iii)	6,946,806	4,594,569	22,550	(3,504,990)	(595,636)	7,463,299	264,056
Other notes (iv)	2,775,730	–	5,974	–	(182,200)	2,599,504	102,497
Sub-total	38,660,506	12,067,588	81,703	(9,923,990)	(777,836)	40,107,971	1,806,199
Including: debentures payable due within one year	(10,170,173)					(18,680,485)	
Net	28,490,333					21,427,486	

- (i) Other movements are mainly exchange rate changes.
- (ii) With the approval of Shanghai Stock Exchange (SSE letters [2020]216), the Company issued non-public corporate bond with amount of RMB790,000,000 on 26 March 2020. After deducting the related underwriting and issuing fees, the net amount of bond actually received by the Company is RMB787,235,000. The term of the bond is five years with a fixed annual interest rate of 3.65% paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

With the approval of National Association of Financial Market Institutional Investors ([2020]PPN194), the Company issued debt financing instrument with amount of RMB1,500,000,000 on 24 April 2020. After deducting the related underwriting and issuing fees, the net amount of bond actually received by the Company is RMB1,493,250,000. The term of the bond is three years with a fixed annual interest rate of 3.40% paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

With the approval of Shanghai Stock Exchange (SSE letters [2020]216), the Company issued non-public corporate bond with amount of RMB3,000,000,000 on 29 May 2020. After deducting the related underwriting and issuing fees, the net amount of bond actually received by the Company is RMB2,989,500,000. The term of the bond is five years with a fixed annual interest rate of 3.60% paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

With the approval of Shanghai Stock Exchange (SSE letters [2020]216), the Company issued non-public corporate bond with amount of RMB1,419,000,000 on 6 July 2020. After deducting the related underwriting and issuing fees, the net amount of bond actually received by the Company is RMB1,414,034,000. The term of the bond is five years with a fixed annual interest rate of 3.85% paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

With approval of Bond Financing Plan Investment (CFAE letters 2020 0734) of Beijing Financial Assets Exchange Co., Ltd. (hereinafter "CFAE"), the Company issued non-public corporate bonds with amount of RMB300,000,000 on 31 July 2020. After deducting the related underwriting and issuing fees, the net amount of bonds actually received by the Company is RMB291,000,000. The bond has a two-year term with a fixed annual interest rate at 5.5% paid quarterly. The principal and the interests for the last period will be fully repaid on the maturity date.

With approval of Bond Financing Plan Investment (CFAE letters 2020 0734) of CFAE, the Company issued non-public corporate bonds with amount of RMB500,000,000 on 6 August 2020. After deducting the related underwriting and issuing fees, the net amount of bonds actually received by the Company is RMB498,000,000. The bond has a two-year term with a fixed annual interest rate at 5.4% paid quarterly. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 31 December 2020, the Company holds corporate bonds with a total face value of RMB30,150,000,000, after deducting the related underwriting and issuing fees, net amount totaling RMB30,045,168,000 with interest rate range from 2.95% to 6.0%. As at 31 December 2020, the book value of corporate bonds amounted to RMB11,530,302,000 should be repaid on or before 31 December 2021, such amount was classified as debentures payable due within one year in financial statements.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(29) Debentures payable *(Continued)*

- (iii) As at 10 February 2014, the Board of Directors of the Company announced the establishment of medium-term notes and perpetual securities program. Under this program, Central Plaza Development Ltd. (a wholly-owned subsidiary of the Company, hereinafter "Central Plaza") can offer and issue securities to professional and institutional investors, with a principal limitation of no more than USD1 billion (or equivalent in other currency units). Securities will be issued on different release date and with different terms. International Financial Center Property Ltd. (a wholly owned subsidiary of the Company, hereinafter "IFC") provided unconditional and irrevocable guarantees and the Company entered into a Keepwell Deed for the medium-term notes. Pursuant to the Keepwell Deed, the Company will undertake to cause Central Plaza to remain solvent and going concern at all times, and guarantee both Central Plaza and IFC have sufficient liquidity to ensure timely repayment in respect of the bonds and the guarantee in accordance with the terms and conditions of the medium term notes and other obligations under the Keepwell Deed. On 12 January 2017, the Medium-Term Notes and Perpetual Securities Program was updated with the Keepwell Deed, liquidity support and equity purchasing commitment provided by the Capital Group.

As at 25 January 2017, Central Plaza issued medium term notes amounted to USD400,000,000 and received proceeds of USD396,006,000. The bond carries a fixed annual interest rate of 3.875% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed, liquidity support and equity purchasing commitment for the medium term notes. As at 31 December 2020, the note was repaid.

As at 5 July 2017, Central Plaza issued medium term notes amounted to USD100,000,000 and received proceeds of USD99,238,000. The bond carries a fixed annual interest rate of 3.700% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed, liquidity support and equity purchasing commitment for the medium term notes. As at 31 December 2020, the note was repaid.

As at 24 January 2018 Central Plaza updated medium term notes and perpetual securities program, the principal limitation for offering and issuing securities to professional and institutional investors increased to USD2,000,000,000 (or equivalent in other currency units).

As at 30 January 2018, Central Plaza issued medium term notes amounted to USD500,000,000 and received proceeds of USD493,832,000. The bond carries a fixed annual interest rate of 3.875% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed, liquidity support and equity purchasing commitment for the medium term notes. As at 31 December 2020, the book value of medium term notes amounted to RMB3,253,092,000 should be repaid on or before 31 December 2021, such amount was classified as debentures payable due within one year in financial statement.

As at 31 October 2019 Central Plaza updated medium term notes and perpetual securities program, the principal limitation for offering and issuing securities to professional and institutional investors increased to USD3,000,000,000 (or equivalent in other currency units).

As at 14 January 2020, Central Plaza issued medium term notes amounted to USD450,000,000 and received proceeds of USD447,176,000. The bond carries a fixed annual interest rate of 3.85% paid semi-annually with a maturity period of 5 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed, liquidity support and equity purchasing commitment for the medium term notes.

As at 11 August 2020, Central Plaza issued medium term notes amounted to USD200,000,000 and received proceeds of USD199,063,000. The bond carries a fixed annual interest rate of 4.50% paid semi-annually with a maturity period of 363-day. The principal and the interests for the last period will be fully repaid on the maturity date. The Company provided unconditional and irrevocable guarantees. As at 31 December 2020, the book value of medium term notes amounted to RMB1,297,587,000 should be repaid on or before 31 December 2021, such amount was classified as debentures payable due within one year in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(29) Debentures payable *(Continued)*

- (iv) As at 2 August 2018, Trade Horizon Global Limited (a subsidiary of the Company, hereinafter "Trade Horizon") issue note amounted to USD400,000,000 and received proceeds of USD397,619,000 net of relevant issuance cost. The notes carry a floating interest rate paid quarterly with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. Beijing Capital Grand Limited (hereinafter "Capital Grand") provided unconditional and irrevocable guarantees and Capital Group entered into Keepwell Deed, liquidity support and equity purchasing commitment for the note. As at 31 December 2020, the book value of the note amounted to RMB2,599,504,000 should be repaid on or before 31 December 2021, such amount was classified as debentures payable due within one year in financial statements.

(30) Lease liabilities

	31 December 2020	31 December 2019
Lease liabilities	1,459,156	930,113
Less: Lease liabilities due within one year (Note 4(27))	(119,579)	(54,795)
Net	1,339,577	875,318

(31) Long-term payables

	31 December 2020	31 December 2019
Trust investment funds	–	1,580,000
Payables for equity transfer	1,300,000	–
Asset-backed securities	2,695,950	2,691,900
Others	26,430	25,576
Sub-total	4,022,380	4,297,476
Less: Long-term payables due within one year	–	(1,580,000)
Net	4,022,380	2,717,476

As at 31 December 2020, the Group's payable to trust investment funds are fully repaid (31 December 2019: RMB1,580,000,000).

As at 31 December 2020, the interest rate for asset-backed securities is 5.2% (31 December 2019: 5.20%). Except for asset-backed securities, other long-term payables are non-interest-bearing.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(32) Derivative financial assets and derivative financial liabilities

	31 December 2020	31 December 2019
Derivative financial assets –		
Forward foreign exchange contracts		
– cash flow hedges	48,828	94,872
Cross currency interest rate swap		
– cash flow hedges	–	1,059
Total	48,828	95,931
Derivative financial liabilities –		
Forward foreign exchange contracts		
– cash flow hedges	16,546	–
Cross currency swap		
– cash flow hedges	55,413	–
Cross currency interest rate swap		
– cash flow hedges	166,805	–
Total	238,764	–

As at 31 December 2020, derivative financial assets and derivative financial liabilities were mainly forward foreign exchange contracts, cross currency swap and cross currency interest rate swap with a nominal amount of AUD401,874,000, USD450,000,000 and USD400,000,000 (31 December 2019: AUD728,015,000, USD0 and USD400,000,000).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Share capital

	31 December 2019	Changes in this year				Subtotal	31 December 2020
		Issue of shares	Allotment	Transferred from reserve	Others		
Non-outstanding shares – held by domestic legal entity	2,473,809	-	-	-	-	-	2,473,809
held by overseas legal entity	357,998	-	-	-	-	-	357,998
Outstanding shares – H share	1,020,756	-	510,378	-	-	510,378	1,531,134
Total	3,852,563	-	510,378	-	-	510,378	4,362,941

In January 2020, the Company has received the proceeds amounting to RMB800,762,000 from H shares Rights Issue, of which RMB510,378,000 is included in equity and RMB290,384,000 is included in the capital reserve (share premium) (note 4(34)).

	31 December 2018	Changes in this year				Subtotal	31 December 2019
		Issue of shares	Allotment	Transferred from reserve	Others		
Non-outstanding shares – held by domestic legal entity	1,649,206	-	824,603	-	-	824,603	2,473,809
held by overseas legal entity	357,998	-	-	-	-	-	357,998
Outstanding shares – H share	-	-	-	-	-	-	-
	1,020,756	-	-	-	-	-	1,020,756
Total	3,027,960	-	824,603	-	-	824,603	3,852,563

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(34) Capital reserve

	31 December 2019	Additions	Reductions	31 December 2020
Share premium	395,293	290,384	(132,572)	553,105

	31 December 2018	Additions	Reductions	31 December 2019
Share premium	469,930	565,237	(639,874)	395,293

In January 2020, the Company has received the proceeds amounting to RMB800,762,000 from H shares Rights Issue, of which RMB290,384,000 is included in the capital reserve (share premium).

In September 2017, Huaxin International Trustee set up a special asset management plan raising a total amount of RMB2,000,000,000. In September 2020, the Company repaid the other equity instruments of RMB1,970,028,000 and reduce the capital reserve by RMB29,972,000 accordingly (Note 16(15)).

In September 2018, CAFE set up debt financing plan raising a total amount of RMB350,000,000. In September 2020, the Company repaid the other equity instruments of RMB337,400,000 and reduce the capital reserve by RMB12,600,000 accordingly (Note 16(15)).

In April 2019, CAFE set up debt financing plan raising a total amount of RMB2,000,000,000. In September 2020, the Company repaid part of the other equity instruments amounted to RMB1,410,000,000 and reduced the capital reserve by RMB90,000,000 accordingly (Note 16(15)).

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Other comprehensive income

	Other comprehensive income in balance sheet			Other comprehensive income in income statement for the year ended 31 December 2020				
	31 December 2019	Attribute to owners of the Company after taxes	31 December 2020	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non-controlling interests after taxes
Other comprehensive income cannot be reclassified to profit or loss thereafter	38,283	(171,051)	(132,768)	(171,051)	-	-	(171,051)	-
- Changes in fair value of other equity instrument investments	38,283	(171,051)	(132,768)	(171,051)	-	-	(171,051)	-
Other comprehensive income may be reclassified to profit or loss thereafter	251,660	112,626	364,286	(278,770)	384,533	6,863	112,626	-
- Changes in fair value of investment properties transferred from inventories (a)	279,878	(20,589)	259,289	-	(27,452)	6,863	(20,589)	-
- Effective portion of gains or losses on hedging instruments in a cash flow hedge	(14,822)	126,118	111,296	(285,867)	411,985	-	126,118	-
- Currency translation differences	(13,396)	7,097	(6,299)	7,097	-	-	7,097	-
Total	289,943	(58,425)	231,518	(449,821)	384,533	6,863	(58,425)	-

- (a) In 2020, the Group sold some of the properties in inventories, of which fair value gains previously recognized in other comprehensive income amounted to RMB20,589,000 (2019: RMB62,073,000) was accordingly transferred into profit or loss.

	Other comprehensive income in balance sheet			Other comprehensive income in income statement for the year ended 31 December 2019				
	31 December 2018	Attribute to owners of the Company after taxes	31 December 2019	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non-controlling interests after taxes
Other comprehensive income cannot be reclassified to profit or loss thereafter	38,283	-	38,283	-	-	-	-	-
- Changes in fair value of other equity instrument investments	38,283	-	38,283	-	-	-	-	-
Other comprehensive income may be reclassified to profit or loss thereafter	400,463	(148,803)	251,660	(113,960)	(82,764)	47,921	(148,803)	-
- Changes in fair value of investment properties transferred from inventories(a)	341,951	(62,073)	279,878	-	(82,764)	20,691	(62,073)	-
- Effective portion of gains or losses on hedging instruments in a cash flow hedge	66,868	(81,690)	(14,822)	(108,920)	-	27,230	(81,690)	-
- Currency translation differences	(8,356)	(5,040)	(13,396)	(5,040)	-	-	(5,040)	-
Total	438,746	(148,803)	289,943	(113,960)	(82,764)	47,921	(148,803)	-

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Surplus reserve

	31 December 2019	Additions	Other adjustments	Reductions	31 December 2020
Statutory surplus reserve	829,151	-	-	-	829,151

	31 December 2018	Additions	Other adjustments	Reductions	31 December 2019
Statutory surplus reserve	665,381	163,770	-	-	829,151

In accordance with the PRC Company Law and the Company's Articles of Association and resolution of the board of directors, the Company should appropriate 10% of net profit of the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company does not recognize statutory surplus reserve in 2020 (2019: RMB163,770,000).

(37) Retained earnings

	2020	2019
Retained earnings at the beginning of the year (before adjustments)	11,412,652	11,037,357
Adjustments-the new leasing standards	-	(8,131)
Retained earnings at the beginning of the year (after adjustments)	11,412,652	11,029,226
Add: profit attributable to owners of the Company	981,825	2,122,572
Less: Appropriation of statutory surplus reserve	-	(163,770)
Dividends to common share (a)	(741,700)	(666,151)
Dividends to other equity instruments interests	(944,202)	(806,103)
Others	-	(103,122)
Retained earnings at the end of the year	10,708,575	11,412,652

- (a) On the meeting of board of directors held on 23 March 2020, the directors proposed a final dividend of RMB0.17 per share to the shareholder, the total amount payable were RMB741,700,000 based on the Company's total issued number of shares as at 23 March 2020, which is 4,362,940,850. The dividend distribution plan was approved by shareholders on general meeting of shareholders held on 13 May 2020.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Revenue and cost of sales

	2020	2019
Revenue from main operations (a)	20,728,788	19,946,963
Revenue from other operations (b)	519,070	839,292
Total	21,247,858	20,786,255

	2020	2019
Cost of sales from main operations (a)	15,537,727	13,320,712
Cost of sales from other operations (b)	370,358	393,194
Total	15,908,085	13,713,906

(a) Revenue and cost of sales from main operations

	2020		2019	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of properties	17,639,482	13,353,595	15,579,565	10,623,042
Primary land development	1,896,103	1,684,852	3,513,542	2,601,021
Rental income of investment properties	772,490	311,402	769,494	85,967
Others	420,713	187,878	84,362	10,682
Total	20,728,788	15,537,727	19,946,963	13,320,712

The Group's rental income come from renting out its houses and buildings. In 2020, the variable rent recognized based on a certain percentage of the lessee's sales in the rental income was RMB84,497,000.

Due to the impact of the COVID-19, the Group exempted lessee from renting amounted to RMB76,212,000 for the second quarter of 2020. The Group has offset the above-mentioned rent deductions against current rental income.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(38) Revenue and cost of sales *(Continued)*

(b) Revenue and cost of sales from other operations

	2020		2019	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of investment properties	14,267	11,982	421,934	266,496
Temporary rental	200,094	103,152	120,380	46,863
Merchandising	244,513	216,844	174,431	66,562
Other operations	60,196	38,380	122,547	13,273
Total	519,070	370,358	839,292	393,194

(39) Taxes and surcharges

	2020	2019	Standards
LAT	708,028	1,752,287	Note 3
Others	264,578	284,477	
Total	972,606	2,036,764	

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Expense by nature

Cost of sales, selling and distribution expenses and general and administrative expenses in income statement classified by nature are as follows:

	2020	2019
Costs of properties sold	13,103,821	10,215,765
Costs of primary land development	1,670,233	2,534,650
Costs of operation of investment properties	261,044	33,642
Costs of sales of investment properties	11,982	266,496
Costs of property service	175,518	–
Costs of merchandising	216,844	66,562
Wages, social security and welfare	720,031	1,343,448
Marketing and commission fee	610,955	642,910
Depreciation and amortization	150,947	150,019
Travel and entertainment expenses	29,783	42,484
Auditor's service fee	11,791	13,084
– Audit service	10,349	11,801
– Non-audit services	1,442	1,283
Other intermediary service fee	150,374	153,368
Others	378,201	420,291
Total	17,491,524	15,882,719

Due to the impact of the COVID-19, the lessor exempted the rent amounted to RMB2,609,000 of the Group for the second quarter of 2020. The Group has offset the above-mentioned rent deductions against the current rental expenses.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Financial expenses

	2020	2019
Interest expense	5,827,939	5,497,334
Add: Interest expense of lease liabilities	70,656	31,961
Less: cost of capitalized interest	(3,016,593)	(2,304,830)
Interest expenses-net	2,882,002	3,224,465
Interest income	(365,322)	(325,625)
Exchange gain or loss-net	(400,823)	9,838
Others	211,089	188,331
Net	2,326,946	3,097,009

(42) Asset impairment loss

	2020	2019
Properties held for sale	69,623	10,086

(43) Investment income

	2020	2019
Share of net profit or loss of investees under equity method	14,447	355,430
Business combination other than common control (Note 5(1)(a))	772,229	-
Interest income from debt investments	756,824	1,279,644
Gains from disposal of joint ventures and associates	-	649,208
Gains from disposal of subsidiaries	-	1,214,048
Others	27,488	80,907
Total	1,570,988	3,579,237

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(44) (Losses)/Gains on changes in fair value

	2020	2019
Non-financial assets		
Investment properties	344,324	91,991
Trading financial assets		
Entrusted investment of asset management plan	444	1,613
Capped currency swap contracts	(480,089)	182,043
Other non-current financial assets		
Investment funds of Tiancheng Yongtai	105,646	–
Trading financial assets/Other non-current financial assets		
Investment of real estate projects in Australia	(214,807)	–
Derivative financial assets		
Forward foreign exchange contracts	108,076	–
Cross currency swap	(10,212)	–
Cross currency interest rate swap	(10,133)	–
Realization of fair value gains with sale of properties	(6,136)	(173,309)
Total	(162,887)	102,338

(45) Income tax expense

	2020	2019
Current income tax based on tax law and related regulations	1,106,013	1,737,058
Deferred income tax	(559,066)	(735,696)
Total	546,947	1,001,362

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(45) Income tax expense** *(Continued)*

Reconciliations from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses are listed below:

	2020	2019
Profit before income tax	1,819,053	3,570,224
Income tax expenses calculated at applicable tax rates (25%)	454,763	892,556
Impact of income tax at different tax rates	17,951	(14,790)
Share of net profit or loss of joint ventures and associates under equity method	(3,612)	(88,858)
Business combination other than common control	(193,057)	–
Other loss/(profit) not subject to tax	153,940	(81,774)
Write-off of deferred income tax assets recognized in previous years	138,471	51,403
Profit from internal equity transfer transaction subject to tax	8,049	27,111
Distribution eligible for tax deduction	(292,383)	(277,925)
Deductible losses for which no deferred income tax asset was recognized	226,037	173,263
Utilisation of deductible losses for which no deferred income tax asset was recognized in previous years	(58,811)	–
Impairment provision for which no deferred income tax asset was recognized	30,216	–
Utilisation of deductible temporary differences for which no deferred income tax asset was recognized in previous years	(17,115)	–
Expenses, costs and losses not deductible	82,498	320,376
Income tax expenses	546,947	1,001,362

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(46) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the year:

	2020	2019
Consolidated net profit attributable to owners of the Company	981,825	2,122,572
Less: Distribution to other equity instruments	(944,202)	(806,103)
Consolidated net profit attributable to ordinary shareholders of the Company	37,623	1,316,469
Weighted average number of ordinary shares issued (in thousands)	4,279,049	3,027,960
Basic earnings per share (RMB yuan per share)	0.01	0.43
Including:		
– Basic earnings per share relating to continuing operations (RMB yuan per share)	0.01	0.43

- (b) The diluted earnings per share is calculated by dividing the net profit of the combined shares attributable to the shareholders of the parent company after the adjustment of the dilutive potential ordinary shares by the weighted average of the ordinary shares issued by the company after the adjustment. In 2020 and 2019 diluted earnings per share basically equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(47) Notes to the cash flow statements

(a) Cash received relating to other operating activities

	2020	2019
Bank Interest income	365,322	325,625
Government repurchase of land use rights	54,996	103,000
Government grants and tax returns	27,855	95,238
Deposit received	71,961	147,772
Return from operations	135,284	201,743
Total	655,418	873,378

(b) Cash paid relating to other operating activities

	2020	2019
Marketing and promotion expenses	327,786	367,630
Sales commission and agency fees	387,981	442,418
Administrative expenses	207,717	358,376
Cash paid to operations	118,353	112,643
Deposits paid	159,226	108,678
Others	58,190	41,217
Total	1,259,253	1,430,962

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(47) Notes to the cash flow statements (Continued)

(c) Cash received relating to other investing activities

	2020	2019
Principals and interests repaid from related parties	6,706,095	8,019,037
Cash received from cooperation projects	24,000	164,000
Delivery of forward foreign exchange contracts	152,438	–
Receivables from principals and interests of equity transfer	53,027	–
Returns of investment of real estate projects in Australia	9,526	202,733
Total	6,945,086	8,385,770

(d) Cash paid relating to other investing activities

	2020	2019
Cash paid to related parties	4,633,009	3,120,771
Cash paid for cooperation projects	182,472	8,255,557
Performance guarantees paid for acquisition of Tianjin TJ-Metro MTR Construction Co. Ltd. (“TJ-Metro MTR”)	32,137	353,600
Others	52,924	2,228
Total	4,900,542	11,732,156

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(47) Notes to the cash flow statements** *(Continued)***(e) Cash received relating to other financing activities**

	2020	2019
Cash received from related parties	7,687,919	1,892,528
Cash received from equity transfer of subsidiaries	1,410,400	–
Receive of payables from Tiancheng Yongtai	–	1,624,260
Total	9,098,319	3,516,788

(f) Cash paid relating to financing activities

	2020	2019
Principals and interests paid for borrowings from related parties	2,237,585	2,087,185
Repayment of funds	304,000	–
Payment of keepwell deed service fee	57,281	35,133
Payment of financing expenses	122,892	95,380
Cash paid for currency swap contracts	128,389	115,642
Cash paid for payment of investment property from Tiancheng Yongtai	822,613	–
Cash paid for repayment of lease liabilities	180,682	69,263
Total	3,853,442	2,402,603

In 2020, the Group paid a total cash outflow of RMB180,682,000 related to leasing, and there was no other cash outflow related to leasing except for the above amount of cash paid for repayment of lease liabilities included in financing activities.

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(48) Supplemental information of cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2020	2019
Net profit	1,272,106	2,568,862
Add: Credit impairment loss	22,174	–
Asset impairment loss (Note 4(42))	69,623	–
Depreciation of fixed assets (Note 4(14))	32,946	46,017
Amortization of intangible assets	38,461	–
Amortization of long-term prepaid expenses	79,540	103,535
Gains on disposal of fixed assets and other long-term assets	(2,517)	(48,625)
Financial expenses	5,585,023	5,662,661
Investment income	(1,459,792)	(3,438,489)
Losses/(Gains) of changes in fair value	156,751	(120,399)
Gains on hedge	–	(17,605)
Increase in deferred income tax assets	(702,170)	(304,349)
Increase in deferred income tax liabilities	121,198	102,965
Increase in inventories	(9,352,333)	(8,560,653)
Increase in restricted cash	(284,093)	(146,250)
Increase in operating receivables	(285,677)	(189,129)
Decrease in operating payables	11,931,164	4,587,479
Net cash flows generated from operating activities	7,222,404	246,020

Significant operating, investing and financing activities not relating to cash receipt and disbursement

	2020	2019
Additions of right-of-use assets	639,069	420,463
Other receivables of joint ventures and associates transferred to investment	499,591	–
Creditor and debt offsets between joint ventures and associates	–	618,000
Dividends receivable from joint ventures offset other payables	–	540,000
Total	1,138,660	1,578,463

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(48) Supplemental information of cash flow statement *(Continued)*

(a) Change of cash

	2020	2019
Cash at the end of the year	35,650,248	25,791,105
Less: cash at the beginning of the year	(25,791,105)	(21,748,206)
Increase of cash	9,859,143	4,042,899

(b) Acquisition of subsidiaries

	2020	2019
Cash and cash equivalent paid	–	–
Less: cash and cash equivalent held by subsidiaries	(191,268)	–
Net cash received from acquisition of subsidiaries	(191,268)	–
Proceeds from acquisition	–	–

Net assets of acquiring subsidiaries at acquisition date in 2020

	2020
Current assets	12,293,906
Non-current assets	1,265,289
Current liabilities	(5,705,553)
Non-current liabilities	(831,971)
	7,021,671

NOTES TO THE FINANCIAL STATEMENTS

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Supplemental information of cash flow statement (Continued)

(c) Cash and cash equivalent

	31 December 2020	31 December 2019
Cash at bank and on hand	37,178,480	27,035,244
Less: Restricted bank deposits	(1,477,234)	(1,165,488)
Restricted other cash balances	(50,998)	(78,651)
Cash and cash equivalent at year end	35,650,248	25,791,105

5. CHANGES OF CONSOLIDATION SCOPE

(1) Business combinations other than common control

(a) Business combinations other than common control for the year

Acquiree	Acquisition date	Acquisition cost	Equity ratio acquired	Acquisition method	Combination date	The basis for combination date	Revenue from combination date to end of the year	Profit/(Loss) from combination date to end of the year	Operating cash flow from combination date to end of the year	Net cash flow from combination date to end of the year
Shouwan Yuye	1 January 2020	-	-	Control transferred through agreement	1 January 2020	Agreement signed	281,539	45,870	(13,499)	(13,631)
Shanghai Shoujia	31 March 2020	-	-	Control transferred through agreement	31 March 2020	Articles of Association changed	3,238	169	32,283	(3,678)
Wuhan Rongcheng Kaichuang	29 June 2020	-	-	Control transferred through agreement	29 June 2020	Agreement signed	-	(14,668)	675,683	675,660
Shangbodi	31 October 2020	-	-	Control transferred through agreement	31 October 2020	Articles of Association changed	3,550	(3,788)	12,475	(14,518)

The re-measurement gains are confirmed as follows :

	Shouwan Yuye	Shanghai Shoujia	Wuhan Rongcheng Kaichuang	Shangbodi
Fair value of the original net assets held	89,123	296,646	2,809,862	317,817
Less: the book value of the original net assets held (Note 4(11))	(11,971)	(293,724)	(2,209,532)	(225,992)
The re-measurement gains (Note 4(43))	77,152	2,922	600,330	91,825

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

5. CHANGES OF CONSOLIDATION SCOPE (Continued)

(1) Business combinations other than common control (Continued)

(b) The assets and liabilities of the acquiree on combination date are listed below:

(i) Wuhan Rongcheng Kaichuang

	Fair value On combination date	Book value On combination date
Cash at bank and on hand	36,639	36,639
Advances to suppliers	615	615
Other receivables	4,589,339	4,589,339
Inventories	6,523,479	4,957,559
Other current assets	2,277	2,277
Fixed assets	2	4
Less: Trade payable	(172)	(172)
Contract liabilities	(4,382)	(4,383)
Other payables	(5,021,903)	(5,021,903)
Deferred income tax liabilities	(391,480)	-
Net assets	5,734,414	4,559,975
Less: Non-controlling interests	(2,925,272)	(2,325,587)
Net assets acquired	2,809,142	2,234,388

On the acquisition date, Wuhan Rongcheng Kaichuang's equity was remeasured at the fair value in the consolidated financial statements. The method used for evaluation were asset-based method, hypothetical development method and income capitalization method. The key assumptions used by management in estimating material unobservable information are listed as follows:

- The market price of the project is calculated based on the market price of similar comparable cases and after some adjustments. The market price used is as follows:

Items	Market price used
Residential	RMB8,800 to RMB10,900 per square meter
Commercial	RMB18,900 to RMB24,200 per square meter
Office building	RMB10,800 per square meter
Non-civil air defence parking	RMB52,000 to RMB60,000 each

NOTES TO THE FINANCIAL STATEMENTS

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

5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(1) Business combinations other than common control *(Continued)*

(b) The assets and liabilities of the acquiree on combination date are listed below *(Continued)*:

(i) *Wuhan Rongcheng Kaichuang (Continued)*

- The market rent of the project is calculated based on the market rent situation of similar comparable cases and after some adjustments. The market rent used is RMB105 to RMB112 per square meter per month.
- Based on historical experience and industry experience, the construction cost estimated is RMB3,308 to RMB4,457 per square meter.
- Based on historical experience and industry experience, the general and administrative expenses of the part for sale is estimated to 2.5% of the construction cost, the selling and distribution expenses is 2.5% of revenue; the general and administrative expenses, the selling and distribution expenses, capital expenditure and maintenance cost of the part for sale is 3% of revenue. Taxes are calculated based on the main types and rates of taxes applicable to the Group.
- The discount rate of 9.09% in the construction period is calculated based on the weighted average cost of capital on the valuation date, and the discount rate of 7% in the operation period is obtained based on the market situation of similar projects.

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

5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(1) Business combinations other than common control *(Continued)*

(b) The assets and liabilities of the acquiree on combination date are listed below *(Continued)*:

(ii) *Shouwan Yuye*

	Fair value On combination date	Book value On combination date
Cash at bank and on hand	70,074	70,074
Trade receivable	36,114	36,114
Advances to suppliers	104,399	104,399
Other receivables	15,095	15,095
Inventories	21	21
Other current assets	1,182	1,182
Fixed assets	482	482
Right-of-use assets	41	41
Intangible assets	304,390	53,827
Long-term prepaid expenses	2,683	2,683
Less: Trade payable	(69,065)	(69,065)
Contract liabilities	(45,636)	(45,636)
Employee benefits payables	(5,334)	(5,334)
Taxes payable	(1,520)	(1,520)
Other payables	(178,057)	(178,057)
Deferred income tax liabilities	(62,716)	–
Provisions	(1,827)	(1,827)
Lease liabilities	(42)	(42)
Net assets	170,284	(17,563)
Less: Non-controlling interests	(83,630)	8,606
Net assets acquired	86,654	(8,957)

The intangible assets of Shouwan Yuye is contractual customer relationship amortized by 10 years.

The multi period excess return method is used to evaluate the intangible assets formed by the company's contractual rights and interests and customer relationship. The evaluation value is equal to the value of the main assets calculated by discounting the excess cash. The key assumptions used are as follows: the useful life of contractual rights and customer relationship, the required return rate of working capital, the required rate of return of human resources and the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

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

5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(1) Business combinations other than common control *(Continued)*

(b) The assets and liabilities of the acquiree on combination date are listed below *(Continued)*:

(ii) *Shouwan Yuye (Continued)*

The market method is used to evaluate the intangible assets formed by the company's underwriting contract rights and interests. The evaluation value is equal to the market value obtained by comparing the real estate of the appraisal object with the similar real estate with similar transactions in recent years. The key assumptions used are as follows: evaluated by market comparison approach taking reference to expected sales price.

(iii) *Shanghai Shoujia*

	Fair value On combination date	Book value On combination date
Cash at bank and on hand	18,707	18,707
Other receivables	773,506	773,506
Inventories	46,275	37,172
Fixed assets	423	423
Less: Trade payable	(72,912)	(72,912)
Contract liabilities	(2,684)	(2,684)
Employee benefits payables	111	111
Taxes payable	(180,110)	(180,110)
Other payables	(86,630)	(86,630)
Deferred income tax liabilities	(2,276)	-
Net assets	494,410	487,583
Less: Non-controlling interests	(198,117)	(195,033)
Net assets acquired	296,293	292,550

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

5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*(1) Business combinations other than common control *(Continued)*(b) The assets and liabilities of the acquiree on combination date are listed below *(Continued)*:(iv) *Shangbodi*

	Fair value On combination date	Book value On combination date
Cash at bank and on hand	65,848	65,848
Trade receivables	6,473	6,473
Advances to suppliers	3,336	3,336
Other receivables	527	527
Investment properties	957,000	651,120
Fixed assets	268	16
Less: Contract liabilities	(9,501)	(9,501)
Employee benefits payables	(89)	(89)
Taxes payable	(2,327)	(1,465)
Other payables	(25,342)	(25,342)
Long-term borrowings	(250,000)	(250,000)
Deferred income tax liabilities	(123,630)	-
Net assets	622,563	440,923
Less: Non-controlling interests	(305,056)	(216,052)
Net assets acquired	317,507	224,871

The evaluation method of investment properties is an income capitalization method. The evaluation value is equal to the accumulation after the expected future normal net income is discounted to the value point by selecting the appropriate discount rate. The key assumptions used are as follows: evaluated by market comparison approach taking reference to expected sales price, revenue growth rate, earning years and discount rate.

NOTES TO THE FINANCIAL STATEMENTS

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

5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(2) Changes of consolidation scope due to other reasons

In January 2020, the Group set up subsidiaries, Henan Sunac Aoxin Real Estate Development Co., Ltd. (hereinafter "Henan Sunac Aoxin"), Shoujin Ruizhi (Tianjin) Real Estate Development Co., Ltd. (hereinafter "Shoujin Ruizhi"), Shoujin Minzhi (Tianjin) Real Estate Development Co., Ltd., Shoujin Yuzhi (Tianjin) Real Estate Development Co., Ltd., and Shoujin Bozhi (Tianjin) Commercial Management Co., Ltd..

In February 2020, the Group set up subsidiaries, Henan Rongshou Xinchuang Cultural Tourism Real Estate Co., Ltd. and Henan Rongshou Xinyue Cultural Tourism Development Co., Ltd..

In March 2020, the Group set up a subsidiary, Beijing Jinghui Real Estate Co., Ltd..

In April 2020, the Group set up subsidiaries, Chongqing Shouhong Technology Development Co., Ltd., Shoujin Shengzhi (Tianjin) Real Estate Development Co., Ltd., Shoujin Langzhi (Tianjin) Commercial Management Co., Ltd., and Shoujin Qizhi (Tianjin) Investment Management Co., Ltd., Shoujin Hengzhi (Tianjin) Real Estate Development Co., Ltd., Shoujin Taizhi (Tianjin) Real Estate Development Co., Ltd., Shoujin Huizhi (Tianjin) Real Estate Development Co., Ltd., BECL Property Management Holding Ltd., and BECL Property Management Ltd..

In July 2020, the Group set up subsidiaries, Beijing Chuangyue Xinke Real Estate Co., Ltd. (hereinafter "Chuangyue Xinke"), Qingdao Shouzhi Investment Development Co., Ltd., Shoushang property management (Shanghai) Co., Ltd. (hereinafter "Shoushang property Shanghai"), Shoujing property management (Shanghai) Co., Ltd. (hereinafter "Shoujing property Shanghai"), Shouao property management (Shanghai) Co., Ltd. (hereinafter "Shouao property Shanghai").

In August 2020, the Group set up a subsidiary, Shoujin Bocheng (Tianjin) Real Estate Development Co., Ltd..

In September 2020, the Group set up a subsidiary, Jiangyin Shourong Real Estate Co., Ltd..

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

6. EQUITY INTERESTS IN OTHER ENTITIES

(1) Equity interests in subsidiaries

(a) Information of significant subsidiaries

Name	Type of legal entity	Place of main operation	Place of registration	Share capital and bonds issued(vi)	Nature of business	Interests held		Mode of acquisition
						Direct (%)	Indirect (%)	
Central Plaza	Limited liability company	B.V.I	B.V.I	USD1	Investment holding	100	-	Injected by sponsor
IFC	Limited liability company	B.V.I	B.V.I	USD1	Investment holding	100	-	Injected by sponsor
S.C. Real Estate Development Co., Ltd. ("S.C.")	Limited liability company	Beijing	Beijing	640,000	Property development and sales	100	-	Business combination
Beijing Xinbocheng Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	89,000	Property development and sales	-	100	Business combination
Zhejiang Outlets Property Real Estate Co., Ltd	Limited liability company	Huzhou	Huzhou	261,598	Property development and operation	-	72.9	Business combination
Capital Grand	Limited liability company	Cayman Islands	Cayman Islands	16,732	Investment holding	-	72.9	Business combination
Xi'an Capital Xinkai Real Estate Co., Ltd.	Limited liability company	Xi'an	Xi'an	1,169,184	Property development and sales	-	72.9	Business combination
Beijing Liujin Real Estate Co., Ltd. ("Liujin Real Estate") (i)	Limited liability company	Beijing	Beijing	2,610,730	Property development and sales	-	65.88	Business combination
Beijing Donghuan Xinrong Investment Management Limited ("Donghuan Xinrong")	Limited liability company	Beijing	Beijing	10,000	Property leasing	100	-	Business combination
Zhuhai Hengqin Capital Real Estate Eco Village Equity Investment Fund (Limited Partnership)	Limited liability company	Zhuhai	Zhuhai	249,000	Investment Management	-	96.39	Business combination
Chongqing Shouyong Real Estate Co., Ltd.	Limited liability company	Chongqing	Chongqing	80,000	Property development and sales	-	96.39	Business combination
Shenyang Haohua Real Estate Co., Ltd.	Limited liability company	Shenyang	Shenyang	335,000	Property development and sales	-	100	Business combination
Chengdu Capital Ruihua Real Estate Co., Ltd. ("Chengdu Ruihua")	Limited liability company	Chengdu	Chengdu	20,000	Property development and sales	-	100	Business combination
Tianjin Capital Xinyuan Real Estate Development Co., Ltd.	Limited liability company	Tianjin	Tianjin	661,129	Property development and sales	-	55	Capital injection
Jingjin Tongcheng (Tianjin) Investment Co., Ltd. ("Jingjin Tongcheng")	Limited liability company	Tianjin	Tianjin	250,000	Property development	-	90	Capital injection
Beijing Capital Outlets Property Investment Fang Shan Ltd.	Limited liability company	Beijing	Beijing	867,135	Property development, operation and management	-	72.9	Capital injection
Beijing Capital Zhongbei Infrastructure Investment Co., Ltd.	Limited liability company	Beijing	Beijing	100,000	Property development	-	100	Capital injection
Beijing Anshunyan Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	95	Capital injection
Jiangyin Yuyue Real Estate Development Co., Ltd.	Limited liability company	Jiangyin	Jiangyin	310,175	Property development and sales	-	100	Capital injection
Qingdao Xinli Weiye Real Estate Development Co., Ltd.	Limited liability company	Qingdao	Qingdao	90,000	Property development and sales	-	100	Capital injection
Hainan Outlets Tourism Development Co., Ltd. ("Hainan Outlets Tourism")	Limited liability company	Wanning	Wanning	56,712	Property development, operation and management	-	100	Capital injection
Shenyang Capital Xinyun Real Estate Co., Ltd. ("Shenyang Xinyun")	Limited liability company	Shenyang	Shenyang	20,000	Property development and sales	100	-	Capital injection
SAS Datang Weiye Holdings	Limited liability company	France	France	727,660	Real estates business and others	-	100	Capital injection
Hainan Capital Outlets Real Estate Co., Ltd.	Limited liability company	Wanning	Wanning	20,000	Property development and sales	-	100	Capital injection
Beijing Chuangrui Xiangnan Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	60,000	Property development and sales	-	100	Capital injection
Beijing Guijiamao Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jihong Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	30,000	Property development and sales	-	100	Capital injection
Beijing Lianchuang Shengye Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	10,000	Property development and sales	-	100	Capital injection

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

6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity interests in subsidiaries (Continued)

(a) Information of significant subsidiaries (Continued)

Name	Type of legal entity	Place of main operation	Place of registration	Share capital and bonds issued(vi)	Nature of business	Interests held		Mode of acquisition
						Direct (%)	Indirect (%)	
Chengdu Capital Zhenghua Real Estate Co., Ltd. ("Chengdu Zhenghua")	Limited liability company	Chengdu	Chengdu	30,000	Property development and sales	100	-	Capital injection
Beijing Xujia Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jisheng Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	50,000	Property development and sales	-	100	Capital injection
Tianjin Hongtai Weiye Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	30,000	Property development and sales	-	100	Capital injection
Shanghai Shoupu Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	50,000	Property development and sales	-	100	Capital injection
Beijing Tianzhiying Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	100	Capital injection
Beijing Jinyifeng Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	100	Capital injection
Beijing Baochitong Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	50,000	Property development and sales	-	100	Capital injection
Shanghai Shouhu Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	50,000	Property development and sales	-	100	Capital injection
Shanghai Shouyang Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	20,000	Property development and sales	-	100	Capital injection
Hangzhou Capital Outlets Real Estate Co., Ltd.	Limited liability company	Hangzhou	Hangzhou	335,000	Property development, operation and management	-	72.9	Capital injection
Jiangxi Capital Outlets Real Estate Co., Ltd.	Limited liability company	Nanchang	Nanchang	459,000	Property development, operation and management	-	72.9	Capital injection
Wuhan Capital Juda Outlets Business Management Co., Ltd.	Limited liability company	Wuhan	Wuhan	100,241	Property development, operation and management	-	72.2	Capital injection
Xi'an Shouju Commercial Development and Management Co., Ltd.	Limited liability company	Xi'an	Xi'an	335,000	Property development, operation and management	-	72.9	Capital injection
Zhengzhou Juxin Outlets Industrial Co., Ltd.	Limited liability company	Zhengzhou	Zhengzhou	-	Property development, operation and management	-	72.9	Capital injection
Beijing Yongyuanxing Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	30,000	Property development and sales	-	100	Capital injection
Shanghai Yujing Real Estate Development Co., Ltd. ("Shanghai Yujing")	Limited liability company	Shanghai	Shanghai	2,000,000	Property development and sales	-	51	Capital injection
Shanghai Xuanxi Real Estate Development Co., Ltd.	Limited liability company	Shanghai	Shanghai	2,000,000	Property development and sales	-	51	Capital injection
Beijing Youda Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	90,000	Property development	-	70	Capital injection
Shanghai Shoujing Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	50,000	Property development and sales	-	100	Capital injection
Jinan Shouju Real Estate Co., Ltd.	Limited liability company	Jinan	Jinan	362,960	Property development, operation and management	-	72.9	Capital injection
Hefei Chuangju Outlets Commercial Management Co., Ltd.	Limited liability company	Hefei	Hefei	280,000	Property development, operation and management	-	72.9	Capital injection
Chongqing Shouju Outlets Real Estate Co., Ltd.	Limited liability company	Chongqing	Chongqing	200,000	Property development, operation and management	-	72.9	Capital injection
Shanghai Lingyu Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	10,200	Property development and sales	-	100	Capital injection
Kunming Capital Outlets Commercial Management Co., Ltd.	Limited liability company	Kunming	Kunming	317,700	Property development, operation and management	-	62	Capital injection
Shanghai Shoudian Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	300,000	Property development and sales	-	100	Capital injection

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6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity interests in subsidiaries (Continued)

(a) Information of significant subsidiaries (Continued)

Name	Type of legal entity	Place of main operation	Place of registration	Share capital and bonds issued(vi)	Nature of business	Interests held		Mode of acquisition
						Direct (%)	Indirect (%)	
Shenzhen Shoulong Real Estate Development Co., Ltd.	Limited liability company	Shenzhen	Shenzhen	50,000	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jichang Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	30,000	Property development and sales	-	100	Capital injection
Beijing Tailongxiang Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	20,000	Property development and sales	-	100	Capital injection
TJ-Metro MTR	Limited liability company	Tianjin	Tianjin	2,273,000	Property development and sales	-	100	Capital injection
Hangzhou Linchuang Real Estate Co., Ltd.	Limited liability company	Hangzhou	Hangzhou	50,000	Property development and sales	-	100	Capital injection
Chongqing Shouhao Real Estate Co., Ltd.	Limited liability company	Chongqing	Chongqing	20,000	Property development and sales	-	100	Capital injection
Qingdao Grand Outlets Commercial Management Co., Ltd.	Limited liability company	Qingdao	Qingdao	210,000	Property development, operation and management	-	72.9	Capital injection
Trade Horizon	Limited liability company	Hong Kong	B.V.I	USD1	Investment Management	-	72.9	Capital injection
Shanghai Shouyue Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	50,000	Property development and sales	-	100	Capital injection
Shanghai Shoudi Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	50,000	Property development and sales	-	100	Capital injection
Zhejiang Hualong Real Estate Development Co., Ltd.	Limited liability company	Huzhou	Huzhou	418,773	Property development and sales	-	100	Capital injection
Capital Outlets (Kunshan) Real Estate Development Co., Ltd. ("Capital Outlets (Kunshan) Real Estate")	Limited liability company	Kunshan	Kunshan	300,000	Property development and sales	100	-	Capital injection
Beijing Chuangrui Huan Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	30,000	Property development and sales	-	100	Capital injection
Kunshan Capital Xinkai Real Estate Co., Ltd. ("Kunshan Xinkai")	Limited liability company	Kunshan	Kunshan	100,000	Property development and sales	100	-	Capital injection
Shoujin Capital Management (Tianjin) Co., Ltd ("Shoujin Capital")	Limited liability company	Tianjin	Tianjin	300,000	Investment Management	100	-	Capital injection
Qingdao Canghai Weiye Real Estate Development Co. Ltd.	Limited liability company	Qingdao	Qingdao	330,000	Property development and sales	-	100	Capital injection
Chengdu Capital Huafu Real Estate Co., Ltd.	Limited liability company	Chengdu	Chengdu	50,000	Property development and sales	-	100	Capital injection
Nanning Grand Outlets Real Estate Co., Ltd.	Limited liability company	Nanning	Nanning	350,000	Property development, operation and management	-	72.9	Capital injection
Foshan Shoulang Real Estate Development Co. Ltd.	Limited liability company	Foshan	Foshan	50,000	Property development and sales	-	100	Capital injection
Zhangjiakou Ruiyuan Real Estate Development Co. Ltd.	Limited liability company	Zhangjiakou	Zhangjiakou	10,000	Property development	-	92	Capital injection
Capital Jiaming New Town Investment and Development Co.,Ltd.	Limited liability company	Beijing	Beijing	500,000	Project investment and property development	-	70	Capital injection
Kunming Shouzhi Xinye Real Estate Development Co., Ltd.	Limited liability company	Kunming	Kunming	100,000	Property development and sales	-	100	Capital injection
Foshan Shourui Real Estate Development Co., Ltd.	Limited liability company	Foshan	Foshan	30,000	Property development and sales	-	100	Capital injection
Beijing Capital Xindu Real Estate Co., Ltd. ("Capital Xindu")	Limited liability company	Beijing	Beijing	10,000	Property development and sales	-	100	Capital injection
Dongguan Shouwang Real Estate Development Co., Ltd.	Limited liability company	Dongguan	Dongguan	50,000	Property development and sales	-	100	Capital injection
Shenyang Longjing Real Estate Co., Ltd.	Limited liability company	Shenyang	Shenyang	20,000	Property development and sales	-	100	Capital injection
Xiamen Shouzhi Xiangfa Real Estate Development Co., Ltd. ("Xiamen Shouzhi Xiangfa")	Limited liability company	Xiamen	Xiamen	843,000	Property development and sales	-	65	Capital injection
Chengdu Shouyue Huachuang Real Estate Co., Ltd.	Limited liability company	Chengdu	Chengdu	50,000	Property development and sales	-	100	Capital injection

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6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(a) Information of significant subsidiaries *(Continued)*

Name	Type of legal entity	Place of main operation	Place of registration	Share capital and bonds issued(vi)	Nature of business	Interests held		Mode of acquisition
						Direct (%)	Indirect (%)	
Xiamen Shoujing Real Estate Co., Ltd.	Limited liability company	Xiamen	Xiamen	50,000	Property development and sales	-	100	Capital injection
Tianjin Ruiji Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	30,000	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jiming Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	30,000	Property development and sales	-	100	Capital injection
Kunshan Guangsheng Real Estate Development and Management Co., Ltd.	Limited liability company	Kunshan	Kunshan	8,000	Property development and sales	-	100	Equity transfer
Tianjin Tianke Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	-	Property development and sales	-	100	Capital injection
Beijing Tongchuang Jinlong Real Estate Co., Ltd. ("Tongchuang Jinlong") (ii)	Limited liability company	Beijing	Beijing	100,000	Property development and sales	-	25	Capital injection
Tianjin Xingtai Jucheng Real Estate Co., Ltd. ("Xingtai Jucheng") (iii)	Limited liability company	Tianjin	Tianjin	640,943	Property development and sales	-	20	Capital injection
Kunming Kunlun Shouzhi Real Estate Co., Ltd. ("Kunming Kunlun Shouzhi") (iv)	Limited liability company	Kunming	Kunming	50,000	Property development and sales	-	49.85	Capital injection
Wuhan Rongcheng Kaichuang (v)	Limited liability company	Wuhan	Wuhan	10,000	Property development and sales	-	49	Business combination
Henan Sunac Aoxin	Limited liability company	Zhengzhou	Zhengzhou	10,000	Property development and sales	-	50	Capital injection
Chuangyue Xinke	Limited liability company	Beijing	Beijing	-	Property development and sales	-	100	Capital injection

- (i) In 2019, Liujin Zhiye received RMB1,000,000,000 through equity capital increase. The Group holds 65.88% of equity interests in Liujin Zhiye after equity capital increase and still has control over Liujin Zhiye, therefore it is still recognized as a subsidiary.
- (ii) The Group holds 25% equity in Tongchuang Jinlong and 57% voting rights in the board of directors. According to the articles of association, the decisions of relevant operation activities of Tongchuang Jinlong shall be effected by the voting of more than one half of the directors of the board of directors. The Group has control over Tongchuang Jinlong, therefore it is recognized as a subsidiary.
- (iii) The Group holds 20% equity in Xingtai Jucheng and 56% voting rights in the board of directors. According to the articles of association, the decisions of relevant operation activities of Xingtai Jucheng shall be effected by the voting of more than one half of the directors of the board of directors. The Group has control over Xingtai Jucheng, therefore it is recognized as a subsidiary.
- (iv) The Group holds 49.85% equity in Kunming Kunlun Shouzhi and 50.15% voting rights in shareholders' meeting. According to the articles of association, the decisions of relevant operation activities of Kunming Kunlun Shouzhi shall be effected by the voting of more than one half of shareholders' meeting. The Group has control over Kunming Kunlun Shouzhi, therefore it is recognized as a subsidiary.
- (v) The Group holds 49% equity in Wuhan Rongcheng Kaichuang and holds 60% of the voting rights in the board of directors. According to the articles of association, the decisions of relevant operation activities of Wuhan Rongcheng Kaichuang shall be effected by the voting of more than one half of the directors of the board of directors. The Group has control over Wuhan Rongcheng Kaichuang, therefore it is recognized as a subsidiary.
- (vi) As at 31 December 2020, the book value of debentures payable of Central Plaza amounted to RMB7,463,299,000 (Note 4(29)), the book value of debentures payable of Trade Horizon amounted to RMB2,599,504,000 (Note 4(29)).

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests

(b1) Non-controlling interests from common equity interests

Name	Equity interests portion held by non-controlling interests (%)	Profit/(Loss) attributable to non-controlling interests in 2020	Dividends distributed to non-controlling interests in 2020	Non-controlling interests as at 31 December 2020
Xingtai Jucheng	80	25,720	–	988,417
Shanghai Yujing	49	41,981	–	1,001,489
Kunming Kunlun Shouzhi	50.15	(3,059)	–	598,426
Xiamen Shouzhi Xiangfa	35	(485)	–	294,208
Tongchuang Jinlong	75	44,251	225,000	105,641
Henan Sunac Aoxin	50	(12,644)	–	1,180,680
Wuhan Rongcheng Kaichunag	51	(7,480)	–	2,917,792
Shouwan Yuye	49	22,476	–	106,063
Shangbodi	49	(1,856)	9,800	293,698
Shoujin Ruizhi	43	(165)	–	1,410,235
Jingjin Tongcheng	10	(1,492)	–	123,774
Total		107,247	234,800	9,020,423

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests *(Continued)*

(b1) Non-controlling interests from common equity interests (Continued)

The financial information of partly-owned subsidiaries above are as follows:

	Financial information as at 31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xingtai Jucheng	1,708,543	15	1,708,558	473,036	–	473,036
Shanghai Yujing	6,031,721	107	6,031,828	3,987,973	–	3,987,973
Kunming Kunlun Shouzhi	2,418,010	2,386	2,420,396	657,124	570,000	1,227,124
Xiamen Shouzhi Xiangfa	1,774,800	835	1,775,635	437,040	498,000	935,040
Tongchuang Jinlong	252,128	19	252,147	111,292	–	111,292
Henan Sunac Aoxin	3,916,614	7,082	3,923,696	1,966,441	–	1,966,441
Wuhan Rongcheng Kaichunag	10,642,291	4,915	10,647,206	4,926,045	–	4,926,045
Shouwan Yuye	492,066	58,054	550,120	330,387	3,278	333,665
Shangbodi	57,303	962,648	1,019,951	192,316	228,250	420,566
Shoujin Ruizhi	6,515,770	129	6,515,899	3,236,282	–	3,236,282
Jingjin Tongcheng	1,135,149	3,368,346	4,503,495	3,265,751	–	3,265,751

	Financial information as at 31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xingtai Jucheng	1,786,337	30	1,786,367	582,995	–	582,995
Shanghai Yujing	5,823,164	14,085	5,837,249	3,229,071	650,000	3,879,071
Kunming Kunlun Shouzhi	1,369,071	362	1,369,433	170,060	–	170,060
Xiamen Shouzhi Xiangfa	1,057,320	340	1,057,660	15,681	200,000	215,681
Tongchuang Jinlong	762,368	4,858	767,226	385,372	–	385,372
Henan Sunac Aoxin	N/A	N/A	N/A	N/A	N/A	N/A
Wuhan Rongcheng Kaichunag	N/A	N/A	N/A	N/A	N/A	N/A
Shouwan Yuye	N/A	N/A	N/A	N/A	N/A	N/A
Shangbodi	N/A	N/A	N/A	N/A	N/A	N/A
Shoujin Ruizhi	N/A	N/A	N/A	N/A	N/A	N/A
Jingjin Tongcheng	4,938,489	538	4,939,027	3,686,361	–	3,686,361

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests (Continued)

(b1) Non-controlling interests from common equity interests (Continued)

The financial information of partly-owned subsidiaries above are as follows (Continued):

	Financial information for 2020			Cash flows from operating activities
	Revenue	Net profit/(loss)	Total comprehensive income/(loss)	
Xingtai Jucheng	46,211	32,150	32,150	(141,255)
Shanghai Yujing	2,046,153	85,676	85,676	3,121,184
Kunming Kunlun Shouzhi	–	(6,101)	(6,101)	(270,540)
Xiamen Shouzhi Xiangfa	–	(1,384)	(1,384)	88,290
Tongchuang Jinlong	238,450	59,001	59,001	21,237
Henan Sunac Aoxin	–	(16,856)	(16,856)	(1,569,977)
Wuhan Rongcheng Kaichuang	–	(14,668)	(14,668)	675,683
Shouwan Yuye	281,539	45,870	45,870	(13,499)
Shangbodi	77,248	(3,788)	(3,788)	12,475
Shoujin Ruizhi	–	(383)	(383)	(595,005)
Jingjin Tongcheng	28	(14,922)	(14,922)	90,550

	Financial information for 2019			Cash flows from operating activities
	Revenue	Net profit/(loss)	Total comprehensive income/(loss)	
Xingtai Jucheng	1,777,921	405,673	405,673	(335,839)
Shanghai Yujing	–	(8,523)	(8,523)	1,661,097
Kunming Kunlun Shouzhi	–	(628)	(628)	(1,230,248)
Xiamen Shouzhi Xiangfa	–	(1,021)	(1,021)	(1,003,414)
Tongchuang Jinlong	14,270	(14,427)	(14,427)	(149,506)
Henan Sunac Aoxin	N/A	N/A	N/A	N/A
Wuhan Rongcheng Kaichuang	N/A	N/A	N/A	N/A
Shouwan Yuye	N/A	N/A	N/A	N/A
Shangbodi	N/A	N/A	N/A	N/A
Shoujin Ruizhi	N/A	N/A	N/A	N/A
Jingjin Tongcheng	1,331,797	637,052	637,052	3,568

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests *(Continued)*

(b2) Equity instruments issued by subsidiaries of the Group

	Profit attributed to non-controlling interests in 2020	Dividends distributed to non-controlling interests in 2020	Non-controlling interests as at 31 December 2020
Senior perpetual securities issued by subsidiaries (i)	187,071	187,071	3,470,846
Perpetual convertible bond securities issued by subsidiaries (ii)	95	–	945,573
Ping An Pension Debt Investment Plan (iii)	–	–	2,121,904
Total	187,166	187,071	6,538,323

- (i) In November 2019, Central Plaza issued Senior Perpetual Securities amounted to USD500,000,000, equivalent to RMB3,503,200,000, at a distribution rate of 5.75% per annum under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuing costs, the Group received RMB3,470,846,000. As the issuer, Central Plaza may defer distribution without any frequency limitations only if Central Plaza or the Company do not declare or pay dividends. The Group has no contractual obligation to repay its principal or to pay any distribution. The perpetual securities do not meet the definition of financial liabilities by the Group. The Group recognized non-controlling interests amounted to RMB3,470,846,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.
- (ii) In November 2016, Capital Grand entered into a subscription agreement with Sino-Ocean Group Holding Limited (hereinafter "Sino-Ocean") and KKR CG Judo Outlets (hereinafter "KKR") to issue 95,192,308 ordinary shares to Sino-Ocean and KKR respectively. Meanwhile, Capital Grand issued perpetual convertible bonds securities (the "PCBS") in the principal amounts of HKD657,594,260 to Sino-Ocean and in the principal amounts of HKD420,096,153 to KKR. The Group has no contractual obligation to repay the principal or pay any assigned interests, and the instrument will or may not be settled in a variable number of equity instruments. Therefore, the PCBS does not comply with the definition of financial liabilities. The principal deducted by issuance cost amounted to RMB945,197,000 was recognized as non-controlling interests in the consolidated financial statements. Subsequent distribution declared will be treated as profit distribution to non-controlling interests. In 2020, profit attributed to non-controlling interests amounted to RMB95,000 (In 2019: RMB96,000).
- (iii) From June to August 2020, Ping An Pension Insurance Co., Ltd. established a debt investment plan amounted to RMB1,539,000,000. According to the relevant terms of the Investment Contract, the raised funds are subject to no fixed repayment terms. Unless the Company or its subsidiary Beijing Ruiyuan Fengji Real Estate Co., Ltd. (hereinafter "Ruiyuan Fengji") declares dividend or reduces registered capital, it may elect to defer distribution without any frequency limitations. The Group has no contractual obligation to repay its principal or to pay any distribution, therefore the investment complied with the definition of equity instrument and were recognized as non-controlling interests in the consolidated level. Subsequent distribution declared will be treated as profit distribution to non-controlling interests. Non-controlling interests amounted to RMB1,467,947,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests *(Continued)*

(b2) Equity instruments issued by subsidiaries of the Group (Continued)

(iii) *(Continued)*

From November to December 2020, Ping An Pension Insurance Co., Ltd. established a debt investment plan amounted to RMB670,000,000. According to the relevant terms of the Investment Contract, the raised funds are subject to no fixed repayment terms. Unless the Company or its subsidiary Capital Xindu declares dividend or reduces registered capital, it may elect to defer distribution without any frequency limitations. The Group has no contractual obligation to repay its principal or to pay any distribution, therefore the investment complied with the definition of equity instrument and were recognized as non-controlling interests in the consolidated level. Subsequent distribution declared will be treated as profit distribution to non-controlling interests. Non-controlling interests amounted to RMB653,957,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

(2) Equity interests in joint ventures and associates

(a) Basic information of significant Joint ventures and Associates

	Place of main operation	Place of registration	Nature of business	Strategic to the Group's operation	Interests held Direct (%)	Indirect (%)
Joint ventures –						
Chongqing Huayu Yesheng	Chongqing	Chongqing	Property development and sales	No	–	33.3
Dacheng Guangyuan	Beijing	Beijing	Property development and sales	No	–	12.5
Tianjin Lianjin	Tianjin	Tianjin	Property development and sales	Yes	–	25
Associates –						
Zhongguancun Integrated Circus Garden	Beijing	Beijing	Property development and sales	Yes	–	50
Tianjin Xinqing	Tianjin	Tianjin	Property development and sales	No	–	40

Investments in above equity are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Equity interests in joint ventures and associates *(Continued)*

(b) Key financial information of significant joint ventures

	Chongqing Huayu Yesheng		Dacheng Guangyuan		Tianjin Lianjin	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current assets	757,479	891,971	3,032,815	3,672,175	1,198,610	1,599,575
Including: cash and cash equivalent	233,747	181,738	515,822	645,064	262,637	541,259
Non-current assets	729	741	594	903	600,067	800,240
Total assets	758,208	892,712	3,033,409	3,673,078	1,798,677	2,399,815
Current liabilities	136,103	318,875	2,627,661	2,693,007	742,488	1,375,161
Non-current liabilities	356,000	500,000	–	–	–	–
Total liabilities	492,103	818,875	2,627,661	2,693,007	742,488	1,375,161
Total equity	266,105	73,837	405,748	980,071	1,056,189	1,024,654
Net assets calculated by the percentage of shares holding	88,613	24,588	50,719	122,509	264,047	256,163
– Unrealized profit from intra-group transaction	–	–	–	–	–	–
Book value of investment in joint ventures	88,613	24,588	50,719	122,509	264,047	256,163
Market value of joint ventures (Public)	N/A	N/A	N/A	N/A	N/A	N/A

	Chongqing Huayu Yesheng		Dacheng Guangyuan		Tianjin Lianjin	
	2020	2019	2020	2019	2020	2019
Revenue	940,901	104,984	528,968	1,587,547	200,820	5,667,499
Interest (expenses)/income	(4,548)	96	7,751	6,716	2,482	8,844
Income tax expenses	(18,497)	(3,893)	(8,559)	(73,148)	(10,512)	(316,794)
Net profit	192,268	14,903	25,677	219,443	31,535	950,382
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	192,268	14,903	25,677	219,443	31,535	950,382
Dividends from joint ventures	–	–	75,000	–	–	–

The Group, based on the amount assigned to the Company in the consolidated financial statements of joint ventures, calculates asset proportion by its shareholding.

The amount in the consolidated financial statements of joint ventures has taken the influence of the fair value of identifiable asset and liability of the investee joint venture into consideration and the unified accounting policies.

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

6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(2) Equity interests in joint ventures and associates (Continued)

(c) Key financial information of significant associates

	Zhongguancun Integrated Circus Garden		Tianjin Xinqing	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current assets	1,456,873	1,546,680	870,890	866,502
Including: cash and cash equivalent	600,453	205,376	3,437	2,082
Non-current assets	2,440,230	2,419,096	119	181
Total assets	3,897,103	3,965,776	871,009	866,683
Current liabilities	455,621	585,351	669,696	664,996
Non-current liabilities	2,417,020	2,392,819	–	–
Total liabilities	2,872,641	2,978,170	669,696	664,996
Total equity	1,024,462	987,606	201,313	201,687
Net assets calculated by the percentage of shares holding	512,231	493,803	80,525	80,675
– Unrealized profit from intra-group transaction	(18,963)	(18,963)	(899)	(899)
Book value of investment in associates	493,268	474,840	79,626	79,776
Market value of associates (Public)	N/A	N/A	N/A	N/A

	Zhongguancun Integrated Circus Garden		Tianjin Xinqing	
	2020	2019	2020	2019
Revenue	761,982	431,042	2	–
Interest (expenses)/income	(134,868)	(133,489)	13	(16,563)
Income tax expenses	(12,285)	(84,762)	–	–
Net profit/(loss)	36,856	254,164	(374)	(16,604)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	36,856	254,164	(374)	(16,604)
Dividends from associates	–	36,500	–	–

The Group, based on the amount assigned to the Company in the consolidated financial statements of associates, calculates asset share in proportion to the number of shares owned.

The amount in the consolidated financial statements of associates has taken the influence of the fair value of identifiable net asset and liability of the investee associates into consideration and the unified accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

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

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Equity interests in joint ventures and associates *(Continued)*

(d) Summary information of insignificant joint ventures and associates

	2020	2019
Joint ventures:		
Total book value of investment	4,498,842	3,519,892
Subtotals by the percentage of shareholding		
Net (loss)/profit	(47,194)	1,866
Other comprehensive income	-	-
Total comprehensive (loss)/income	(47,194)	1,866
Associates:		
Total book value of investment	1,227,807	1,222,599
Subtotals by the percentage of shareholding		
Net loss	(31,757)	(36,864)
Other comprehensive income	-	-
Total comprehensive loss	(31,757)	(36,864)

The calculation of net profit and other comprehensive income has taken the market value of recognized assets and liabilities at acquisition date and its accounting policy adjustments into consideration.

(e) The excess deficit related to joint ventures and associates

	The accumulated unrecognized loss at the beginning of the year	The accumulated unrecognized loss of the year	The accumulated unrecognized loss at the end of the year
Joint ventures	10,973	269,024	279,997
Associates	11,016	12,421	23,437
Total	21,989	281,445	303,434

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

7. INTERESTS OF NON-CONSOLIDATED SPECIAL PURPOSE VEHICLE

In June 2016, the Company entered into the equity trusteeship agreements (hereinafter "Trusteeship Agreement") with the shareholders of Huludao Chuangrong Investment Co., Ltd. (hereinafter "Huludao Chuangrong"), Huludao Capital Investment Development Co., Ltd. (hereinafter "Huludao Investment"), Huludao Capital Industrial Development Co., Ltd. (hereinafter "Huludao Industrial") and Huludao Capital Longwan Development Co., Ltd. (hereinafter "Longwan Development") (collectively "Trusteeship Companies"). The Company shall exercise the shareholder rights by trusteeship (except for the right to profit, residual properties distribution and disposition), including but not limited to the right to attending shareholders' meeting, voting, nomination, recommendation, supervision, proposal and questioning etc. The Company shall perform supervision, propose suggestions for the trusteeship companies and appoints individuals for directors, supervisors and senior management on behalf of the trusteeship companies' shareholders. According to the Trusteeship Agreement, the trusteeship expenses are calculated as 0.2% of the sales revenue of trusteeship companies within maximum of RMB900,000 and minimum of RMB500,000.

As at 31 December 2020, the Group has no equity interests in the above trusteeship companies and treated Huludao Chuangrong, Huludao Investment, Huludao Industrial and Longwan Development as interests of non-consolidated special purpose vehicle. These trusteeship companies are principally engaged in the real estate development, and the revenue are mainly from the real estate project. In 2020, the Group has not transferred assets to the trusteeship companies, and has no obligation or intention to provide financial support to these trusteeship companies.

Other non-consolidated special purpose vehicles, including Zhuhai Hengqin Chengdu Weihua Fund and Zhuhai Hengqin Ruiyuan Jialing Fund, are disclosed in Note 4(11).

NOTES TO THE FINANCIAL STATEMENTS

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

8. SEGMENT INFORMATION

The segment of the Group is a business unit that provides different products or services and operates in different regions. Since various businesses or regions require different market strategies, the Group independently manages the production and operation activities of each reporting segment, evaluates its operating results separately, and decides to allocate resources to it and evaluate its performance.

For the year of 2020 and as at 31 December 2020, the Group has total eight reporting segments, which are:

- Beijing segment, responsible for property development, sales and related business in Beijing.
- Huadong segment, responsible for property development, sales and related business in East China.
- Tianjin segment, responsible for property development, sales and related business in Tianjin area.
- Chengyu segment, responsible for property development, sales and related business in Chengdu and Chongqing area.
- Other segment, responsible for property development, sales and related businesses in other regions, mainly including the Group's real estate development and sales and related businesses in Shenyang, Shenzhen, Foshan and Xiamen etc..
- Outlets business segment, responsible for the development and operation of the first outlet complex in each region.
- Other investment real estate segments, responsible for non-first Outlet investment real estate development and operation.
- The primary land development segment (including shantytown reconstruction) is responsible for the primary land development and shantytown reconstruction business in the Beijing, Tianjin and Hebei region.

Inter-segment transfer prices are determined by reference to the prices used for sales to third parties.

Assets are allocated based on the operation of the segment and the location of the assets, and liabilities are allocated based on the operation of the segment. The expenses attributable to each segment are borne by each segment directly.

NOTES TO THE FINANCIAL STATEMENTS

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

8. SEGMENT INFORMATION (Continued)

(1) Segment information in 2020 and as at 31 December 2020 are as follows:

	Property development, sales and related business					Investment properties					Total
	Beijing	Huadong	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated Intersegments	Intersegments elimination	
Revenue from external customers	1,637,521	9,631,741	1,395,588	2,444,282	2,665,904	704,099	110,649	1,908,449	749,625	-	21,247,858
Inter-segment revenue	-	-	-	-	-	-	-	-	960,291	(960,291)	-
Revenue from contracts with customers:											
Recognized at a point in time	1,497,186	9,368,431	1,393,255	2,428,056	2,445,407	-	-	10,899	675,755	-	17,818,989
Recognized over time	132,908	257,215	-	-	170,059	-	-	1,896,103	-	-	2,456,285
Cost of sales from main operations	(1,011,687)	(8,193,807)	(888,041)	(1,719,865)	(1,546,616)	(296,040)	(15,362)	(1,684,852)	(262,629)	81,172	(15,537,727)
Interest income	18,787	19,292	13,580	4,625	19,083	3,982	6,135	1,692	278,146	-	365,322
Interest expenses	(391,057)	(26,604)	(65,209)	(24,124)	(243,666)	(276,960)	(27,510)	(449,738)	(1,587,964)	210,830	(2,882,002)
Share of profit/(loss) of associates and joint ventures	59,625	(4,513)	(8,854)	-	(7,394)	-	-	3,806	(28,223)	-	14,447
Credit impairment loss	-	-	-	-	(5,197)	-	-	(5,000)	(11,977)	-	(22,174)
Asset impairment loss	-	(50,000)	-	-	(19,623)	-	-	-	-	-	(69,623)
Depreciation and amortization	(185)	(444)	(854)	(140)	(879)	(79,118)	(295)	-	(69,032)	-	(150,947)
Total profit/(loss)	57,533	1,075,598	261,309	490,493	280,019	23,280	43,357	(130,869)	(47,366)	(234,301)	1,819,053
Income tax expenses	(21,635)	(294,616)	(73,313)	(122,196)	(70,145)	(60,890)	(17,124)	(24,452)	78,849	58,575	(546,947)
Net profit/(loss)	35,898	780,982	187,996	368,297	209,874	(37,610)	26,233	(155,321)	31,483	(175,726)	1,272,106
Total assets	51,778,736	36,236,046	21,661,303	14,762,207	46,252,454	18,488,023	2,987,130	20,494,591	116,917,017	(119,027,607)	210,549,900
Total liabilities	(45,796,928)	(29,362,875)	(15,572,438)	(10,760,626)	(33,937,388)	(14,446,878)	(1,118,025)	(14,147,447)	(116,929,240)	118,851,881	(163,219,964)
Long-term equity investments on associates and joint ventures	866,978	229,540	1,518,999	-	23,921	-	-	311,244	3,752,240	-	6,702,922
Increase/(Decrease) in non-current assets (i)	126,365	374,049	125,829	32,896	575,634	1,213,455	908,141	(119)	734,367	-	4,090,617

(i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

NOTES TO THE FINANCIAL STATEMENTS

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

8. SEGMENT INFORMATION *(Continued)*

(2) Segment information in 2019 and as at 31 December 2019 are as follows:

Segment information in 2019:

	Property development, sales and related business					Investment properties		Primary land development	Unallocated Intersegments	Intersegments elimination	Total
	Beijing	Huadong	Tianjin	Chengyu	Others	Outlets	Others				
Revenue from external customers	6,430,906	3,068,746	3,245,447	1,098,060	2,350,622	653,266	116,228	3,513,542	309,438	-	20,786,255
Inter-segment revenue	-	-	-	229	444,910	1,402	16,356	244,058	-	(706,955)	-
Recognized at a point in time	6,430,906	3,068,746	3,245,447	1,094,931	2,345,303	-	-	1,059,412	189,058	-	17,433,803
Recognized over time	-	-	-	3,129	5,319	-	-	2,454,130	-	-	2,462,578
Cost of sales from main operations	(4,402,852)	(2,198,679)	(1,951,794)	(630,110)	(1,459,905)	(77,210)	(8,757)	(2,601,021)	9,616	-	(13,320,712)
Interest income	20,004	181,284	15,474	3,095	8,818	2,966	1,596	1,441	90,947	-	325,625
Interest expenses	(322,720)	(191,132)	(32,485)	(119,460)	(4,508)	(260,687)	(36,548)	(286,662)	(2,450,676)	480,413	(3,224,465)
Share of profit/(loss) of associates and joint ventures	156,408	17,236	222,739	(104)	(309)	-	-	-	(40,540)	-	355,430
Credit impairment loss	-	-	-	-	(10,086)	-	-	-	-	-	(10,086)
Depreciation and amortization	(12,130)	(426)	(1,134)	(85)	(1,025)	(108,109)	-	(85)	(27,025)	-	(150,019)
Total profit/(loss)	663,905	429,904	980,682	208,941	384,122	(59,311)	(35,336)	747,450	249,867	-	3,570,224
Income tax expenses	(128,929)	(114,889)	(194,286)	(60,829)	(233,287)	5,815	(5,242)	(198,888)	(70,827)	-	(1,001,362)
Net profit/(loss)	534,976	315,015	786,396	148,112	150,835	(53,496)	(40,578)	548,562	179,040	-	2,568,862
Total assets	63,910,828	43,256,029	23,600,170	12,371,951	30,259,573	11,671,314	3,011,810	21,578,869	104,102,524	(128,493,750)	185,269,318
Total liabilities	(59,857,275)	(43,836,713)	(20,290,720)	(10,070,738)	(23,305,402)	(5,466,777)	(1,808,847)	(16,588,537)	(94,490,214)	132,487,011	(143,228,212)
Long-term equity investments on associates and joint ventures	640,356	729,035	1,026,772	-	56,778	1	-	-	3,247,425	-	5,700,367
Increase/(Decrease) in non-current assets (i)	20,444	350	(992)	(64)	900	1,780,228	58,967	145	145,216	-	2,005,194

(i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

NOTES TO THE FINANCIAL STATEMENTS

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

8. SEGMENT INFORMATION *(Continued)*

The revenue derived in Mainland China and overseas and total non-current assets other than financial assets, long-term equity investments and deferred income tax assets were disclosed as below:

Revenue from external customers	2020	2019
Mainland China	21,243,064	20,780,793
France	4,794	5,462
Total	21,247,858	20,786,255

Total non-current assets	31 December 2020	31 December 2019
Mainland China	22,396,833	18,303,618
France	177,878	182,476
Total	22,574,711	18,486,094

Majority of the businesses of the Company and the subsidiaries are operated in mainland China. In 2020, the Group has revenue of RMB4,794,000 (2019: RMB5,462,000) from overseas.

In 2020, the revenue generated from a client in the primary land development amounted to RMB966,018,000 which accounted for 4.5% revenue of the Group (2019: RMB1,087,739,000 which accounted for 5.2% revenue of the Group).

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) The general information of the parent company

	Place of registration	Nature of business
Capital Group	Beijing, the PRC	Infrastructure, financial securities, industrial technology, commercial trade and tourist hotel, etc.

The Company's ultimate controlling party is Capital Group, incorporated in Beijing.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2019	Increase	Decrease	31 December 2020
Capital Group	3,300,000	–	–	3,300,000

(c) The proportions of equity interests and voting rights in the Company held by the parent company

	31 December 2020		31 December 2019	
	Interest held (%)	Voting held (%)	Interest held (%)	Voting held (%)
Capital Group	56.70	56.70	54.47	54.47

(2) Subsidiaries

The general information and other related information of the subsidiaries are set out in note 6(1).

(3) Joint ventures and associates

The general information of joint ventures and associates are set out in note 6(2).

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) Joint ventures and associates *(Continued)*

Except for the significant joint ventures and associates set out in note 6 (2), the rest of information of other joint ventures and associates engaged in related party transactions with the Group is listed as follows:

	Relationships with the Group
Tianjin Ruihe Real Estate Co., Ltd. ("Tianjin Ruihe")	Joint Venture
Beijing Yuanchuang Xingcheng Real Estate Co., Ltd. ("Yuanchuang Xingcheng")	Joint Venture
Tianjin Yongyuan Real Estate Co., Ltd. ("Tianjin Yongyuan")	Joint Venture
Beijing Zhicheng Xinda Property Management Co., Ltd. ("Zhicheng Xinda")	Joint Venture
Ningbo Yixing Enterprise Management Co., Ltd. ("Ningbo Yixing")	Joint Venture
Tianjin Ruitai Real Estate Co., Ltd. ("Tianjin Ruitai")	Joint Venture
Beijing Yuanchuang Xingmao Real Estate Co., Ltd. ("Yuanchuang Xingmao")	Joint Venture
Guangzhou Bizeng Real Estate Development Co., Ltd. ("Guangzhou Bizeng")	Joint Venture
Xidi Xinke	Joint Venture
Ruiming Xinde	Joint Venture
Tianjin Lianzhan	Joint Venture
Longma Hechuang	Joint Venture
Tianjin Harmony Corp	Joint Venture
Yunnan Dianfu	Joint Venture
Chuangyuan Yicheng	Joint Venture
Tianjin Hefa	Joint Venture
Jingu Chuangzhan	Joint Venture
Jingu Chuangxin	Joint Venture
Beijing Yuechuang	Joint Venture
Tianjin Ruibin	Joint Venture
Xiamen Rongdi	Joint Venture
Shanghai Songming	Joint Venture
Shanghai Henggu	Joint Venture
Jinlong Yonghui	Joint Venture
Shanghai Zhiyue	Joint Venture
Beijing Yuanchuang Chunhe Pension Service Co., Ltd. ("Yunachuang Chunhe")	Associate
Beijing Ruicheng Yongchuang Technology Co., Ltd. ("Ruicheng Yongchuang")	Associate
Shoujin Yuanchuang (Tianjin) Real Estate Development Co., Ltd. ("Shoujin Yuanchuang")	Associate
Chongqing Haohua Real Estate Co., Ltd. ("Chongqing Haohua")	Associate
Hangzhou Zhenmei Investment Co., Ltd. ("Hangzhou Zhenmei")	Associate
Beijing Golden Net Property Investment Adviser Co., Ltd. ("Golden Net")	Associate
Beijing Kaichuang Jinrun Real Estate Co., Ltd. ("Kaichuang Jinrun")	Associate
Wuhan Rongshou Xinchuang Investment Development Co., Ltd. ("Wuhan Rongshou Xinchuang")	Associate
Beijing Country Garden Culture Development Co., Ltd. ("Country Garden Culture Development")	Associate
Beijing Leyou Futuo Investment Co., Ltd. ("Leyou Futuo")	Associate
Shoujin Hongsheng (Tianjin) Partnership (LLP) ("Shoujin Hongsheng")	Associate
Guangzhou Runyu	Associate
Tianjin Xinming	Associate
Kaiyuan Hean	Associate
Zhuhai Hengqin Ruiyuan Jialing Fund	Associate
Shenyang Xinzi	Associate
Tengtai Yiyuan	Associate
Nanchang Huachuang	Associate

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

	Relationship with the Group
Capital Securities Co., Ltd. ("Capital Securities")	Controlled by the same ultimate controller
Beijing Chuangzhi Xinrong Investment Center (Limited Partnership) ("Chuangzhi Xinrong")	Controlled by the same ultimate controller
Beijing Capital Dahe Investment Co., Ltd. ("Capital Dahe")	Controlled by the same ultimate controller
Beijing Capital Investment	Controlled by the same ultimate controller
BCG Chinastar International Investment Limited ("BCG")	Controlled by the same ultimate controller
Beijing Green Isolated Area Infrastructure Development and Construction Co., Ltd ("Lvji Company")	Controlled by the same ultimate controller
Beijing Landa Culture Technology Development Co., Ltd. ("Landa Culture")	Controlled by the same ultimate controller
Beijing Qingyuan Culture Technology Co., Ltd. ("Qingyuan Culture")	Controlled by the same ultimate controller
Capital Qinglv (Kunshan) Real Estate Co. Ltd ("Capital Qinglv")	Former joint venture of the company
Shangbodi	Former joint venture of the company
Shouwan Yuye	Former joint venture of the company
Shanghai Shoujia	Former joint venture of the company
Beijing Sunshine City Commercial Investment Co., Ltd. ("Sunshine City Commercial")	Former associate venture of the company
Chengdu Jinhui	Significant subsidiary of joint venture of the Company
Shanghai Liangyue Industrial Co., Ltd. ("Shanghai Liangyue")	Significant subsidiary of joint venture of the Company
Tianjin Ruixiang Real Estate Co., Ltd. ("Tianjin Ruixiang")	Significant subsidiary of joint venture of the Company
Chongqing Huayu Shengrui Real Estate Development Co., Ltd. ("Chongqing Huayu Shengrui")	Significant subsidiary of joint venture of the Company
Ningbo Yuelong Real Estate Development Co., Ltd. ("Ningbo Yuelong")	Significant subsidiary of joint venture of the Company
Hongzhou Rongxiang Real Estate Co., Ltd. ("Hongzhou Rongxiang")	Significant subsidiary of joint venture of the Company
Beijing First One Capital Management Ltd. ("First One Capital")	Significant subsidiary of joint venture of the Company
Kunhui Tianjin Investment Management Co., Ltd. ("Kunhui Investment")	Significant subsidiary of joint venture of the Company
Beijing Yuanchuang Zhonghui Estate Development Co., Ltd. ("Yuanchuang Zhonghui")	Significant subsidiary of associate of the Company
Shouhui Real Estate	Significant subsidiary of associate of the Company
Wuhan Rongcheng Xinchuang Investment Development Co., Ltd. ("Wuhan Rongcheng Xinchuang")	Significant subsidiary of associate of the Company
Beijing Liangma Real Estate Co., Ltd. ("Liangma Real Estate")	Significant subsidiary of associate of the Company
Zhejiang Rongshengda Holdings Limited ("Rongshengda")	Significant non-controlling interests of subsidiaries

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*(4) Other related parties *(Continued)*

	Relationship with the Group
China Railway Construction Kunlun Asset Management Co., Ltd. ("China Railway Construction Kunlun")	Significant non-controlling interests of subsidiaries
Xiamen Xiangfa Real Estate Co., Ltd. ("Xiamen Xiangfa")	Significant non-controlling interests of subsidiaries
Shanghai Poly Jianjin Real Estate Co., Ltd. ("Poly Jianjin")	Significant non-controlling interests of subsidiaries
Hangzhou Weixin Real Estate Development Co., Ltd. ("Hangzhou Weixin")	Significant non-controlling interests of subsidiaries
Xuhui Group Co., Ltd. ("Xuhui Group")	Significant non-controlling interests of subsidiaries
Beijing Xinshang Zhiyuan Real Estate Development Co., Ltd. ("Xinshang Zhiyuan")	Significant non-controlling interests of subsidiaries
Tianjin Xuwei Real Estate Development Co., Ltd. ("Tianjin Xuwei")	Significant non-controlling interests of subsidiaries
Beijing Yongtongchang Real Estate Development Co., Ltd. ("Yongtongchang")	Significant non-controlling interests of subsidiaries
Jindi Xingye Real Estate Co., Ltd. ("Jindi Xingye")	Significant non-controlling interests of subsidiaries
Beijing Longhu Zhongbai Real Estate Co., Ltd ("Longhu Zhongbai")	Significant non-controlling interests of subsidiaries
Kunming Wuhua District Industry Development Co., Ltd. ("Kunming Wuhua")	Significant non-controlling interests of subsidiaries
Reco Ziyang Pte Ltd ("Reco Ziyang")	Significant non-controlling interests of subsidiaries
Henan Sunac Aocheng Real Estate Co., Ltd. ("Henan Sunac Aocheng")	Significant non-controlling interests of subsidiaries
Beijing Jiayuan Hongye Investment Management Co., Ltd. ("Jiayuan Hongye")	Significant non-controlling interests of subsidiaries
Shanghai Sunac Real Estate Development Co., Ltd. ("Shang Sunac")	Significant non-controlling interests of subsidiaries
Tiandiyuan Yida (Beijing) Investment Co., Ltd. ("Tiandiyuan")	Significant non-controlling interests of subsidiaries
Reco Yanshan Private Limited ("Reco Yanshan")	Significant non-controlling interests of former subsidiary
Suzhou Hongchang Real Estate Co., Ltd. ("Suzhou Hongchang")	Joint venture of a former subsidiary of the Company
Nanchang Wanda City Investment Co., Ltd. ("Nanchang Wanda City")	The entity controlled by the ultimate controller of the significant minority shareholders of the company's subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction

(a) Pricing policy

The Group's goods purchased from and sold to related parties are priced on the basis of market price. The services provided by related parties and services provided to related parties are in line with normal commercial terms. The prices of related party transactions were agreed by the Group and the related parties.

(b) Purchases of goods and receiving services:

Related party	Related party transactions	2020	2019
Capital Group	Keepwell Deed	58,815	43,253
Capital Group	Guarantees	11,667	40,800
Golden Net	Selling agency	2,168	18,467
Shangbodi	Property leasing	3,986	7,592
Capital Securities	Securities consignment	8,192	3,403
Capital Securities	Assets managing service	1,181	3,776
Sunshine City Commercial	Property leasing	N/A	1,360
Total		86,009	118,651

(c) Sales of goods and providing services:

Related party	Related party transactions	2020	2019
Yunnan Dianfu	Management Service	34,981	–
Capital Group	Property leasing and management	29,145	28,326
Shouhui Real Estate	Merchandise sales	25,015	14,264
Tianjin Ruitai	Merchandise sales	17,611	–
Chuanguyuan Yicheng	Merchandise sales	16,083	2,371
Yuanchuang Xingcheng	Merchandise sales	14,658	–
Landa Culture	Entrusted management service	10,870	–
Qingyuan Culture	Property leasing	7,303	–
Tianjin Ruihe	Merchandise sales	6,401	1,087,739
Others		17,799	27,242
Total		179,866	1,159,942

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*(5) Related party transaction *(Continued)*

(d) Interest income/(expense) generated from related parties:

	2020	2019
Tianjin Yongyuan	94,879	69,915
Yuanchuang Xingcheng	76,969	142,284
Zhicheng Xinda	61,570	–
Tianjin Hefa	57,137	118,694
Jingu Chuangzhan	37,094	43,657
Xidi Xinke	36,015	–
Chuangyuan Yicheng	35,377	42,311
Zhongguancun Integrated Circuit Garden	34,001	35,780
Yunnan Dianfu	30,751	–
Liangma Real Estate	28,117	–
Kaichuang Jinrun	27,676	–
Jingu Chuangxin	26,472	–
Wuhan Rongcheng Xinchuang	16,478	–
Yuanchuang Xingmao	15,495	16,064
Guangzhou Runyu	15,195	39,073
Beijing Yuechuang	14,587	66,000
Tianjin Lianzhan	14,869	52,818
Shanghai Liangyue	3,164	55,766
Suzhou Hongchang	N/A	90,823
Tianjin Ruixiang	–	39,931
Hangzhou Rongxiang	–	32,272
Ningbo Yuelong	–	16,705
Tianjin Ruihe	–	13,701
Chengdu Jinhui	–	(16,869)
Others	22,662	5,570
Total	648,508	864,495

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction *(Continued)*

(e) Leasing

Rental income recognized by the Group as the lessor in the current year:

	2020	2019
Donghuan Xinrong	39,471	39,385

The Group's right-of-use assets increased for the current period as a lessee:

	2020	2019
Shangbodi	N/A	7,592

(f) Guarantee and keepwell deed

	31 December 2020	31 December 2019
Keepwell deed for subsidiaries by Capital Group	12,037,580	10,082,299
The Group for joint ventures (i)	1,958,191	–
The Group for associates (ii)	666,965	569,292
The Group for subsidiaries of joint ventures (iii)	282,210	1,400,800
Capital Group for the Company	–	2,500,000
Non-controlling interests of subsidiaries for subsidiaries	–	1,631,000

- (i) As at 31 December 2020, long-term borrowings of joint ventures amounted to RMB1,958,191,000 (31 December 2019: Nil) are guaranteed by the Group. The guarantee will expire from 2023 to 2043.
- (ii) As at 31 December 2020, long-term borrowings of associates amounted to RMB666,965,000 (31 December 2019: RMB569,292,000) are guaranteed by the Group. The guarantee will expire from 2029 to 2040.
- (iii) As at 31 December 2020, long-term borrowings of subsidiaries of joint ventures amounted to RMB282,210,000 (31 December 2019: RMB1,400,800,000) are guaranteed by the Group. The guarantee will expire in 2022.

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*(5) Related party transaction *(Continued)*

(g) Provide/(receive) funding

	2020	2019
Shouhui Real Estate	1,497,019	(1,509,116)
Xidi Xinke	1,022,500	–
Kaichuang Jinrun	925,371	–
Henan Sunac Aocheng	784,418	–
Poly Jianjin	588,000	525,946
Wuhan Rongcheng Xinchuang	524,554	–
China Railway Construction Kunlun	396,588	–
Ningbo Yuelong	(293,487)	293,487
Tianjin Ruixiang	287,059	(789,376)
Tianjin Yongyuan	279,443	218,003
Longma Hechuang	257,419	–
Xiamen Xiangfa	185,500	–
Guangzhou Bizeng	98,000	(164,348)
Tianjin Xinming	96,660	2,760
Wuhan Rongshou Xinchuang	74,950	–
Tianjin Lianjin	50,000	(50,000)
Kaiyuan Hean	46,435	40,135
Yuanchuang Chunhe	5,600	120,000
Nanchang Huachuang	(134)	21,430
Zhongguancun Integrated Circuit Garden	(25,000)	(37,926)
Guangzhou Runyu	(30,000)	(300,000)
Yuanchuang Zhonghui	(30,000)	–
Tengtai Yiyuan	(32,500)	(87,500)
Tianjin Xinqing	(36,520)	542,410
Jingu Chuangxin	(39,270)	–
Shenyang Xinzi	(42,085)	(8,013)
Tianjin Ruibin	(50,000)	(156,500)
Shanghai Liangyue	(60,000)	(88,000)
Tianjin Harmony Carp	(84,861)	–
Tianjin Lianzhan	(91,000)	(198,975)
Yunnan Dianfu	(107,688)	–
Liangma Real Estate	(130,026)	–
Chongqing Huayu Shengrui	(163,772)	29,700
Ningbo Yixing	(165,000)	165,000
Tianjin Hefa	(170,430)	(160,550)
Jingu Chuangzhan	(196,274)	454,669
Shoujin Yuanchuang	(198,900)	72,181
Yuangchuang Xingmao	(204,000)	(1,051,850)
Shanghai Sunac	(285,406)	–
Shoujin Hongsheng	(296,415)	–
Hangzhou Rongxiang	(341,488)	245,943

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction *(Continued)*

(g) Provide/(receive) funding *(Continued)*

	2020	2019
Lvji Company	(472,185)	–
BCG	(503,611)	–
Yuanchuang Xingcheng	(901,505)	(714,039)
Beijing Yuechuang	(959,227)	130,830
Nanchang Wanda City	(1,073,371)	–
Zhicheng Xinda	(1,244,669)	735,000
Chuangyuan Yicheng	(2,139,018)	(777,919)
Ruiming Xinde	(2,497,283)	–
First One Capital	–	944,992
Tianjin Ruihe	–	932,260
Shanghai Shoujia	N/A	93,600
Chongqing Haohua	–	73,000
Tianjin Ruitai	–	20,734
Capital Qinglv	N/A	14,400
Ruicheng Yongchuang	–	(11,100)
Golden Net	–	(14,774)
Dacheng Guangyuan	–	(45,000)
Chuangzhi Xinrong	–	(54,078)
Others	(30,869)	(21,555)
Total	(5,776,478)	(564,139)

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction *(Continued)*

(h) Key executives compensation

	2020	2019
Remuneration of key executives	43,347	43,231
Others	321	342
Total	43,668	43,573

- (i) In February 2017, the Company entered into an Asset Management Agreement with Capital Securities and the custodian bank. Capital Securities shall provide asset management and investment services in respect of the addition of the Entrusted Assets no more than RMB2,000,000,000 in accordance with the investment policies under the Asset Management Agreement. The above agreement expires in February 2020.

In May 2020, the company signed the 2020 asset management agreement with Capital Securities and the custodian bank, stipulating that Capital Securities will provide asset management and investment services for the Company's entrusted assets not exceeding RMB1,600,000,000 within three years from the initial operation of the entrusted assets.

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances

Receivables due from related parties:

		31 December 2020		31 December 2019	
		Carrying amount	Provision for doubtful debts	Carrying amount	Provision for doubtful debts
Advanced to suppliers	Golden Net	8,421	–	4,936	–
Other receivables	Tianjin Yongyuan (i)	1,669,623	–	1,289,566	–
	Kaiyuan Hean	1,227,427	–	1,180,992	–
	Xidi Xinke (i)	1,060,676	–	–	–
	Kaichuang Jinrun (i)	954,793	–	–	–
	Tianjin Ruihe	932,260	–	932,260	–
	Henan Sunac Aocheng	784,418	–	–	–
	Tianjin Ruitai	765,906	–	765,906	–
	Tianjin Hefa (i)	741,316	–	851,181	–
	Tianjin Ruixiang	726,681	–	435,000	–
	Wuhan Rongcheng Xinchuang	542,020	–	–	–
	Guangzhou Bizeng	505,146	–	407,146	–
	Zhongguancun Integrated Circus Garden (i)	415,820	–	440,604	–
	Guangzhou Runyu (i)	373,251	–	387,017	–
	Jingu Chuangzhan (i)	351,022	–	501,141	–
	China Railway Construction Kunlun	314,595	–	–	–
	Liangma Real Estate (i)	289,254	–	–	–
	Xuhui Group	283,370	–	–	–
	Hangzhou Weixin	266,408	–	266,408	–
	Yuanchuang Xingmao (i)	250,371	–	454,371	–
	Yongtongchang	242,970	–	317,970	–
	Xinshang Zhiyuan	242,189	–	242,189	–
	Tianjin Xuwei	242,189	–	242,189	–
	Shanghai Liangyue (i)	232,466	–	289,112	–
	Shanghai Zhiyue	199,675	–	–	–
	Xiamen Xiangfa	185,500	–	–	–
	Tianjin Lianzhan (i)	184,893	–	260,165	–
	Tianjin Ruibin	184,796	–	234,796	–
	Jingu Chuangxin (i)	184,480	–	–	–
	Chongqing Haohua	167,694	–	167,694	–
	Yuanchuang Zhonghui	141,963	–	–	–
	Tengtai Yiyuan	126,000	–	158,500	–
	Yuanchuang Chunhe	121,600	–	120,000	–
	Shouhui Real Estate	90,307	–	11,920	–

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)***(6) Related party balances** *(Continued)*Receivables due from related parties *(Continued)*:

	31 December 2020		31 December 2019	
	Carrying amount	Provision for doubtful debts	Carrying amount	Provision for doubtful debts
Wuhan Rongshou Xinchuang (i)	80,346	–	–	–
Shoujin Yuanchuang	72,181	–	72,181	–
Nanchang Huachuang	68,999	–	69,133	–
Rongshengda (i)	51,895	–	49,760	–
Jindi Xingye	25,000	–	100,000	–
Longhu Zhongbai	25,000	–	100,000	–
Ningbo Yuelong	23,943	–	311,259	–
Leyou Futuo	16,562	–	–	–
Tianjin Xinming	12,000	–	12,000	–
Chengdu Jinhui	11,787	–	8,202	–
Hangzhou Zhenmei	10,663	–	10,663	–
Country Garden Culture Development	10,112	–	–	–
Shouwan Yuye	N/A	–	27,636	–
Jinlong Yonghui	–	–	58,200	–
Hangzhou Rongxiang	–	–	280,152	–
Beijing Yuechuang	–	–	200,790	–
Chongqing Huayu Shengrui	–	–	57,772	–
Chuanguyuan Yicheng	–	–	2,128,433	–
Yuanchuang Xingcheng	–	–	152,518	–
Zhicheng Xinda	–	–	735,000	–
Ningbo Yixing	–	–	165,000	–
Reco Yanshan	N/A	–	92,272	–
Others	12,314	–	9,423	–
Total	15,421,881	–	14,596,521	–

- (i) As at 31 December 2020, the amounts were the principal and interests of interest-bearing transactions receivable from related parties of the Group. The annual interest rate of the payment ranges from 5.4% to 12%, and there is no fixed repayment period.

Except for the aforesaid amounts, the rest of the transactions with related parties are non-interest bearing, have no collateral or guarantee, and have no fixed repayment period.

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances *(Continued)*

Payables due to related parties:

		31 December 2020	31 December 2019
Trade Payable	Golden Net	–	715
Contract liabilities	Yuanchuang Xingcheng	13,302	–
	Shouhui Real Estate	11,962	19,327
	Chuangyuan Yicheng	8,342	2,699
	Others	1,861	380
	Total	35,467	22,406
Other payables	Ruiming Xinde	2,497,283	–
	Nanchang Wanda City	1,266,817	–
	Beijing Yuechuang	735,939	–
	Yuanchuang Xingcheng	666,225	–
	BCG (i)	503,611	–
	Lvji Company	472,185	–
	Zhicheng Xinda	440,945	–
	Shoujin Hongsheng	296,415	–
	Shanghai Sunac	285,406	–
	Tianjin Lianjin	200,000	250,000
	Shoujin Yuanchuang	198,900	–
	Reco Ziyang	179,240	179,240
	Zhuhai Hengqin ruiyuan Jialing Fund	125,536	125,536
	Kunming Wuhua	118,225	118,225
	Shanghai Henggu	114,800	114,800
	Chongqing Huayu Shengrui	106,000	–
	Shanghai Songming	92,400	92,400
	Jiayuan Hongye	87,500	87,500
	Tianjin Harmony Carp	86,637	–
	First One Capital	83,288	83,288
	Capital Dahe	76,500	76,500
	Tianjin Xinqing	72,110	35,590
	Yunnan Dianfu	69,212	–

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances *(Continued)*

Payables due to related parties *(Continued)*:

	31 December 2020	31 December 2019
Hangzhou Rongxiang	54,000	–
Poly Jianjin	51,237	639,237
Xiamen Rongdi	36,000	36,000
Dacheng Guangyuan	32,500	107,500
Shenyang Xinzi	32,140	–
Tianjin Yongyuan	30,010	30,010
Longma Hechuang	27,591	–
Hangzhou Weixin	27,002	27,002
Xinshang Zhiyuan	24,547	24,547
Tianjin Xuwei	24,547	24,547
Yongtongchang	22,093	22,093
Capital Investment	20,000	20,000
Tiandiyuan	15,644	–
Jinlong Yonghui	14,550	72,750
Kunhui Investment	14,182	–
Chuangyuan Yicheng	9,728	–
Shouhui Real Estate	–	1,500,000
Shanghai Shoujia	N/A	468,089
Tianjin Xinming	–	96,660
Golden Net	–	20,368
Others	13,446	3,618
Total	9,224,391	4,255,500

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances *(Continued)*

- (i) As at 31 December 2020, the amounts were the principal and interests of interest-bearing transactions payable due to a related party. The annual interest rate of the payment is 5% with a repayment period of one month.

Except for the aforesaid amounts, the other payables due to related parties were interest free, without any mortgage nor guarantee, and with no fixed maturity date.

(7) Remuneration payable to the Board of directors (Note 4(24))

	31 December 2020	31 December 2019
Remuneration	26,445	26,550

(8) Remuneration and interests to Directors

(a) Remuneration to Directors, Supervisors and CEO

Directors' and supervisors' emoluments for 2020 are as follows:

Name	Allowance	Salary	Others	Basic pension insurance	Housing funds	The long-term incentive fund scheme	Total
Li Songping (i)	-	-	-	-	-	-	-
Zhong Beichen	-	1,547	67	4	37	4,700	6,355
Huang Ziquan (ii)	-	80	11	-	3	-	94
Hu Weimin	-	1,577	67	4	37	4,000	5,685
Fan Shubin	-	1,366	67	4	37	4,000	5,474
Su Jian (i)	-	-	-	-	-	-	-
Li Wang	270	-	-	-	-	-	270
Huang Yizhong	270	-	-	-	-	-	270
Liu Xin	270	-	-	-	-	-	270
Deng Wenbin (i)	-	-	-	-	-	-	-
Tang Yanan (i)	-	-	-	-	-	-	-
Jiang Hebin	-	2,608	67	4	37	-	2,716
Li Xiaobin (iii)	-	1,465	61	4	33	4,200	5,763

- (i) In 2020, director Li Songping, director Su Jian, supervisor Deng Wenbin and supervisor Tang Yanan did not receive any allowance from the Company.
- (ii) The director is appointed as at 26 November 2020.
- (iii) The director is retired as at 26 November 2020.

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(8) Remuneration and interests to Directors *(Continued)*

(a) Remuneration to Directors, Supervisors and CEO *(Continued)*

Directors' and supervisors' emoluments for 2019 are as follows:

Name	Allowance	Salary	Bonus (ii)	Others	Basic pension insurance	Housing funds	The long-term incentive fund scheme	Total
Li Songping (i)	-	-	-	-	-	-	-	-
Zhong Beichen	-	1,607	5,150	106	50	38	-	6,951
Li Xiaobin	-	1,518	4,250	106	50	38	-	5,962
Hu Weimin	-	1,651	3,820	106	50	38	-	5,665
Fan Shubin	-	1,409	3,820	106	50	38	-	5,423
Su Jian (i)	-	-	-	-	-	-	-	-
Li Wang	270	-	-	-	-	-	-	270
Huang Yizhong	270	-	-	-	-	-	-	270
Liu Xin	270	-	-	-	-	-	-	270
Deng Wenbin (i)	-	-	-	-	-	-	-	-
Tang Yanan (i)	-	-	-	-	-	-	-	-
Jiang Hebin	-	3,055	-	82	50	38	-	3,225

(i) In 2019, director Li Songping, director Su Jian, supervisor Deng Wenbin and supervisor Tang Yanan did not receive any allowance from the Company.

(ii) The amount of bonus received by senior management according to the functions, responsibilities, performance and other factors of each senior management.

(b) In 2020, the Company did not pay any termination benefits to directors.

(c) In 2020, the Company did not pay consideration for the third party to gain directors' services.

(d) In 2020, the Company did not provide borrowings, pre-borrowings or other transactions for directors or legal entity controlled by directors.

(e) Directors' significant interests in transaction, arrangement or contract

In 2020, the Company did not sign any significant transactions, arrangements or contracts which are related to the Company's business and directors' direct or indirect interests.

NOTES TO THE FINANCIAL STATEMENTS

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(9) The five individuals whose emoluments are the highest

The five individuals whose emoluments are the highest in the Group for 2020 include 4 directors (2019: 3) whose emoluments are disclosed above. The emoluments paid to other 1 individual (2019: 2) during 2020 are as follows:

	2020	2019
Basic salaries, bonus, basic pension insurance, and other allowances	5,230	11,095

	Number of individuals	
	2020	2019
Emoluments bands: RMB4,000,001–7,000,000	1	2

(10) The Company had adopted the Long Term Fund Incentive Scheme (“Incentive Scheme”) which was approved by the extraordinary general meeting held on 27 September 2007. The Company determine whether the performance of the Company had reached the Incentive Scheme standard based on the annual report and audited financial statements approved by annual general meeting. The extraordinary general meeting held on 25 September 2009, the annual general meeting held on 14 March 2014 and extraordinary general meeting held on 24 February 2018 revised the Incentive Scheme and the allocation of the incentive fund should be in accordance with the revised Incentive Scheme. According to the Incentive Scheme, the Company don’t accrued long-term incentive fund in 2020 (2019: RMB37,000,000).

10. CONTINGENCIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group’s properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 31 December 2020, outstanding guarantees amounted to RMB11,666,064,000 (31 December 2019: RMB6,919,548,000).

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

11. COMMITMENTS

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized in the balance sheet by the Group at the balance sheet date are as follows:

	31 December 2020	31 December 2019
Authorized but not contracted	47,044,949	32,077,864
Contracted but not paid	17,024,591	11,806,026
Total	64,069,540	43,883,890

(2) Investment commitments

	31 December 2020	31 December 2019
Investment for acquisition of subsidiaries	–	304,114
Investment in joint ventures and associates	647,340	2,710,730
Total	647,340	3,014,844

The group's subsidiary Shoujin Xingjiang (Tianjin) Real Estate Development Co., Ltd. (hereinafter "Shoujin Xingjiang") and Tongxiang Ping'an Investment Co., Ltd. (hereinafter "Tongxiang Ping'an") signed an agreement on 23 December 2020, promising to pay RMB18,300,000 to acquire 9.15% equity interests of Tongxiang Anyue Real Estate Co., Ltd. (hereinafter "Anyue real estate") held by Tongxiang Ping An, and provided no more than RMB25,640,000 to Anyue real estate to repay the principal and interest of previous shareholders and to pay the daily expenses of the project.

The group's subsidiary Shoujin Xingjiang and Shenzhen Anchuang Investment Management Co., Ltd. (hereinafter "Shenzhen Anchuang") signed an agreement on 23 December 2020, promising to acquire 40% equity interests of Tongxiang Anrun Real Estate Co., Ltd. (hereinafter "Anrun real estate") held by Tongxiang Ping An for free, and bear RMB4,000,000 in proportion to the equity. In addition, the company shall provide no more than RMB153,920,000 to Anrun real estate to repay the principal and interest of previous shareholders and to pay the daily expenses of the project.

NOTES TO THE FINANCIAL STATEMENTS

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

11. COMMITMENTS *(Continued)*

(2) Investment commitments *(Continued)*

The group's subsidiary Shoujin Xingjiang and Shenzhen Anchuang signed an agreement on 23 December 2020, promising to acquire 40% equity interests of Tongxiang Anbo Real Estate Co., Ltd. (hereinafter "Anbo real estate") held by Shenzhen Anchuang for free, and bear RMB4,000,000 in proportion to the equity. In addition, the company shall provide no more than RMB153,080,000 to Anbo real estate to repay the principal and interest of previous shareholders and to pay the daily expenses of the project.

In addition, Shoujin Xingjiang intends to provide shareholders' funds to Anyue real estate, Anrun real estate and Anbo real estate for future project development, with a total of no more than RMB288,400,000. Accordingly, Shoujin Xingjiang's total commitment to the acquisition will be RMB647,340,000. As at 31 December 2020, Shoujin Xingjiang has not paid the above amount.

12. FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk (foreign exchange risk, interest rate risk and other price risk). The financial risks and the Group's overall risk management program focusing on the financial risks are summarized as follows:

The board of directors is responsible for planning and establishing the risk management structure of the Group, formulating risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks the Group exposed to. The risk management policies has clearly defined specific risks, covering market risk, credit risk and liquidity risk management, etc. To update the risk management policies and systems, the Group regularly assesses its operating activities and the market environment. The Risk Management Committee carries out the risk management in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and circumvents related risks through close cooperation with other business units of the Group. The internal audit department of the Group conducts regular audits on risk management controls and procedures, and reports the audit results to the audit committee of the Group.

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

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are dominated in RMB. The Group is still subject to foreign exchange risk arising from future commercial transactions, recognized assets and liabilities in foreign currency (most of the Group's foreign currency transactions and balances are dominated in USD, HKD, AUD and Euro("EUR")). Financial department in the Group's headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize potential foreign exchange risk. Therefore the management of the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk.

As at 31 December 2020 and 31 December 2019, the carrying amounts in equivalent RMB of the Group's assets and liabilities denominated in foreign currencies are summarized as follows:

	31 December 2020				Total
	USD	HKD	AUD	EUR	
Financial assets denominated in foreign currencies					
Cash at bank and on hand	2,337	510,675	11,655	323,671	848,338
Trading financial assets	–	–	242,648	–	242,648
Other non-current financial assets	–	–	4,120,310	–	4,120,310
Total	2,337	510,675	4,374,613	323,671	5,211,296
Financial liabilities denominated in foreign currencies					
Short-term borrowings	–	251,543	–	–	251,543
Current portion of non-current liabilities	7,150,183	1,091,153	–	–	8,241,336
Debentures payable	2,912,619	–	–	–	2,912,619
Other payables	–	503,611	–	–	503,611
Total	10,062,802	1,846,307	–	–	11,909,109

NOTES TO THE FINANCIAL STATEMENTS

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

12. FINANCIAL INSTRUMENT AND RISK (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

	31 December 2019				Total
	USD	HKD	AUD	EUR	
Financial assets denominated in foreign currencies					
Cash at bank and on hand	30,358	1,916	146	-	32,420
Trading financial assets	-	-	3,520,171	-	3,520,171
Other non-current financial assets	-	-	1,066,373	-	1,066,373
Total	30,358	1,916	4,586,690	-	4,618,964
Financial liabilities denominated in foreign currencies					
Short-term borrowings	-	268,802	-	-	268,802
Current portion of non-current liabilities	146,139	-	-	-	146,139
Debentures payable	9,722,536	-	-	-	9,722,536
Long-term borrowings	-	1,162,375	-	-	1,162,375
Total	9,868,675	1,431,177	-	-	11,299,852

As at 31 December 2020, since the foreign exchange risk of the USD debentures payable has been offset by the purchased capped currency swap contracts, cross currency swap contracts and cross currency interest rate swap contracts, for the other USD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against USD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB117,000 (31 December 2019: decreased/increased by approximately RMB1,518,000).

As at 31 December 2020, since the foreign exchange risk of the HKD borrowings is offset by the purchased capped currency swap contracts, for the other HKD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against HKD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB353,000 (31 December 2019: decreased/increased by approximately RMB96,000).

As at 31 December 2020, since the foreign exchange risk of the investment of real estate projects in Australia has been offset by the purchased forward contracts, for all the other AUD dominated financial assets, if RMB had increased/decreased by 5% against AUD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB143,332,000 (31 December 2019: decreased/increased by approximately RMB155,035,000).

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

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(1) Market risk *(Continued)*

(a) Foreign exchange risk *(Continued)*

As at 31 December 2020, for all the EUR dominated financial assets, if RMB had increased/decreased by 5% against EUR with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB16,184,000 (31 December 2019: Nil).

(b) Interest rate risk

The Group has exposed to interest rate risk mainly generated from long-term interest bearing borrowings such as long-term borrowings and debentures payable. Borrowings issued at floating interest rates expose the Group to cash flow interest-risk, and borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group determines the contracts proportions of fixed rate and floating rate depending on the market conditions. As at 31 December 2020, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB22,618,253,000 (31 December 2019: RMB20,519,323,000).

The financial department of the headquarters continuously monitors the Group's interest rate condition. Increases in interest rates will increase the cost of new borrowing and the interest expenses of to the Group's outstanding borrowings with floating rate, and therefore could have a material adverse impact on the Group's financial position. The Group's finance department of its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The management of the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2020, if interest rates of borrowings with floating rate increased/decreased by 0.5% with all other variables held constant, the post-tax profit for the year of the Group would decrease/increase by approximately RMB113,091,000 (31 December 2019: decrease/increase by approximately RMB102,597,000).

(c) Other price risk

Other price risks of the Group are mainly generated from other equity instrument investments and exposed to the risk of price fluctuation of equity instruments.

As at 31 December 2020, for all other equity instrument investments, if the expected price increase/decrease 5% with all other variables held constant, other comprehensive income for the year would have been increased/decreased by approximately RMB4,923,000 (31 December 2019: increased/decreased by approximately RMB14,414,000).

NOTES TO THE FINANCIAL STATEMENTS

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

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, trade receivables, other receivables, contract assets, debt investments, and investment in debt instruments at fair value through profit or loss which are not included in impairment assessment, derivative financial assets and financial guarantee contracts. At the balance sheet date, the book value of the Group's financial assets has represented its maximum credit risk exposure. The maximum credit risk exposure off the balance sheet is the maximum amount of that must be paid to fulfill the financial guarantee, which is amounted to RMB2,907,367,000.

Since cash at bank of the Group are mainly deposited at state-owned banks and other large and medium-sized listed banks, which have high reputation and credit rating. The Group expects no significant credit risk associated and that there would not be any significant losses due to non-performance by these counterparties.

In addition, the Group has policies to limit the credit risk exposure on trade receivables, other receivables and contract assets. The Group assesses the credit quality and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use payment reminders, reducing or cancelling credit periods, to ensure the overall credit risk of the Group is limited to a controllable range.

As at 31 December 2020, the Group has no significant collateral and other credit enhancement (31 December 2019: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. On such basis, the Group's finance department at its headquarter monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

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

12. FINANCIAL INSTRUMENT AND RISK (Continued)

(3) Liquidity risk (Continued)

The financial liabilities of the Group at the balance sheet date at their undiscounted contractual cash flows by their maturity date are analyzed below:

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	508,507	–	–	–	508,507
Payables	26,387,364	–	–	–	26,387,364
Long-term borrowings	2,424,758	14,502,556	27,948,658	2,761,224	47,637,196
Debtentures payable	984,242	11,492,353	11,032,233	–	23,508,828
Long-term payables	140,189	140,189	4,293,157	–	4,573,535
Lease liabilities	72,242	186,357	438,547	1,201,091	1,898,237
Current portion of non-current liabilities	33,264,656	–	–	–	33,264,656
Total	63,781,958	26,321,455	43,712,595	3,962,315	137,778,323

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,764,336	–	–	–	1,764,336
Payables	19,787,632	–	–	–	19,787,632
Long-term borrowings	2,259,074	19,541,490	20,285,874	3,769,629	45,856,067
Debtentures payable	1,364,791	16,496,739	13,440,994	–	31,302,524
Long-term payables	–	215,352	3,349,372	–	3,564,724
Lease liabilities	44,554	86,374	244,568	952,436	1,327,932
Current portion of non-current liabilities	22,911,268	–	–	–	22,911,268
Total	48,131,655	36,339,955	37,320,808	4,722,065	126,514,483

According to the terms of individual housing mortgage loans, the Group provides temporary guarantee to the mortgage loans provided by the banks to the customers, who purchase the Group's available-for-sell properties by housing mortgage. The guarantee would expire after the customers obtain owners certification or other relevant warrant and completing the registration of mortgage on properties. As at 31 December 2020 and 31 December 2019, the balance of such guarantee refers to Note 10.

NOTES TO THE FINANCIAL STATEMENTS

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

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(3) Liquidity risk *(Continued)*

(i) Bank and other borrowings analyzed by repayment terms are as follows:

	31 December 2020		31 December 2019	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	13,296,707	18,800,063	11,984,558	11,804,968
1 to 2 years	12,465,965	10,951,920	17,790,167	15,530,883
2 to 5 years	26,315,361	10,880,986	18,702,534	15,862,614
Over 5 years	2,561,688	934,156	3,235,353	689,630
Total	54,639,721	41,567,125	51,712,612	43,888,095

13. FAIR VALUE ESTIMATES

(1) Assets/(liabilities) measured at fair value on an ongoing basis

The level of fair value measurement result is determined by the lowest level of the input value, which is of great significance to the overall fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

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

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

As at 31 December 2020, the financial assets/(liabilities) measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trading financial assets –				
Investment of real estate projects in Australia expected to be recovered within one year	–	–	242,648	242,648
Entrusted investment of asset management plan	58,173	–	–	58,173
Capped currency swap contracts	–	47,922	–	47,922
Other non-current financial assets –				
Tiancheng Yongtai Investment of real estate projects in Australia expected to be recovered over one year	–	–	1,682,731	1,682,731
Investment of real estate projects in Australia expected to be recovered over one year	–	–	4,120,310	4,120,310
Derivative financial assets –				
Forward foreign exchange contracts	–	48,828	–	48,828
Other equity instrument investments –				
Equity interests of UCOMMUNE	67,232	–	–	67,232
Equity interests of CDB Siyuan	–	–	31,225	31,225
Total financial assets	125,405	96,750	6,076,914	6,299,069
Non-financial assets:				
Investment properties –				
North region	–	–	7,488,298	7,488,298
Central region	–	–	7,340,369	7,340,369
South region	–	–	1,953,778	1,953,778
Total non-financial assets	–	–	16,782,445	16,782,445
Total assets	125,405	96,750	22,859,359	23,081,514
Financial liabilities:				
Trading financial liabilities –				
Capped currency swap contracts	–	(151,270)	–	(151,270)
Derivative financial liabilities –				
Forward foreign exchange contracts	–	(16,546)	–	(16,546)
Cross currency swap	–	(55,413)	–	(55,413)
Cross currency interest rate swap	–	(166,805)	–	(166,805)
Total financial liabilities	–	(390,034)	–	(390,034)

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES *(Continued)*

(1) Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

As at 31 December 2019, the financial assets/(liabilities) measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trading financial assets –				
Investment of real estate projects in Australia expected to be recovered within one year	–	–	3,520,171	3,520,171
Entrusted investment of asset management plan	189,198	–	–	189,198
Capped currency swap contracts	–	51,973	–	51,973
Other non-current financial assets –				
Tiancheng Yongtai Investment of real estate projects in Australia expected to be recovered over one year	–	–	2,150,330	2,150,330
Capped currency swap contracts	–	233,321	–	233,321
Derivative financial assets –				
Forward foreign exchange contracts	–	94,872	–	94,872
Cross currency interest rate swap	–	1,059	–	1,059
Other equity instrument investments –				
Equity interests of UCOMMUNE	–	–	238,283	238,283
Equity interests of CDB Siyuan	–	–	50,000	50,000
Total financial assets	189,198	381,225	7,025,157	7,595,580
Non-financial assets:				
Investment properties –				
North region	–	–	6,901,658	6,901,658
Central region	–	–	6,850,183	6,850,183
South region	–	–	1,104,000	1,104,000
Total non-financial assets	–	–	14,855,841	14,855,841
Total assets	189,198	381,225	21,880,998	22,451,421

The Group recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event that caused the transfer. There was no transfer occurred among level 1 and 2 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on. The inputs in those valuation techniques mainly include risk-free rate, benchmark interest rate and exchange rate.

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

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

The Group obtains independent valuations for investment properties from an independent professional appraiser as a third party. The valuations are based on income capitalization and residual approach which mainly uses input such as market rent and its growth rate, discount rate, interest rate and profit rate, etc.

The change of assets in level 3 are as follows:

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2020	6,388,541	7,363,300	1,104,000	14,855,841
Business combination other than common control	957,000	–	–	957,000
Transferred from investment properties at cost	–	–	861,349	861,349
Transferred to inventory/fixed asset	(52,243)	(115,036)	(12,222)	(179,501)
Reductions	–	(11,982)	–	(11,982)
Other adjustments	(11,280)	(33,306)	–	(44,586)
Gains from changes in fair value	206,280	137,393	651	344,324
As at 31 December 2020	7,488,298	7,340,369	1,953,778	16,782,445
Realized gains recognized in current profit or loss	–	2,285	–	2,285
Unrealized gains recognized in current profit or loss – Gains from changes in fair value	206,280	137,393	651	344,324

	Trading financial assets	Other non-current financial assets	Other equity instrument investments	Total
	1 January 2020	3,520,171	3,216,703	
Reductions	–	(582,024)	(18,775)	(600,799)
Reclassification	(3,277,523)	3,277,523	–	–
Losses from changes in fair value	–	(109,161)	–	(109,161)
Transferred to Level 1	–	–	(238,283)	(238,283)
31 December 2020	242,648	5,803,041	31,225	6,076,914

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES *(Continued)*

(1) Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

The change of assets in level 3 are as follows *(Continued)*:

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2019	11,662,541	6,314,400	1,102,000	19,078,941
Additions	266,703	528,854	–	795,557
Reductions	(5,709,000)	(28,548)	–	(5,737,548)
Transferred from				
investment properties at cost	638,990	–	–	638,990
Other adjustments	(12,090)	–	–	(12,090)
Gains from changes in fair value	54,514	35,477	2,000	91,991
As at 31 December 2019	6,901,658	6,850,183	1,104,000	14,855,841
Realized gains recognized in current profit or loss	–	296,404	–	296,404
Unrealized gains recognized in current profit or loss				
– Gains from changes in fair value	54,514	35,477	2,000	91,991
	Trading financial assets	Other non-current financial assets	Other equity instrument investments	Total
1 January 2019	2,950,405	3,226,200	288,283	6,464,888
Additions	–	347,190	–	347,190
Reclassification	569,766	(569,766)	–	–
Realized gains recognized in current profit or loss	–	213,079	–	213,079
31 December 2019	3,520,171	3,216,703	288,283	7,025,157

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Information about fair value measurements in level 3 are as follows:

Investment properties	Fair value as at 31 December 2020	Valuation techniques	Unobservable inputs		
			Name	Range/weighted average	Relationship of unobservable inputs of fair value
North region	7,488,298	Income approach	Discount rate	4% to 10.5%	The higher discount rate, the lower fair value
			Market rents	RMB50 to RMB352 per square metre per month	The higher market rent, the higher fair value
Central region	7,340,369	Income approach	Discount rate	4% to 7%	The higher discount rate, the lower fair value
			Market rents	RMB29 to RMB155 per square metre per month	The higher market rent, the higher fair value
South region	1,953,778	Income approach	Discount rate	5.5% to 7%	The higher discount rate, the lower fair value
			Market rents	RMB44 to RMB122 per square metre per month	The higher market rent, the higher fair value

Investment properties	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs		
			Name	Range/weighted average	Relationship of unobservable inputs of fair value
North region	6,901,658	Income approach	Discount rate	4% to 7%	The higher discount rate, the lower fair value
			Market rents	RMB45 to RMB351 per square metre per month	The higher market rent, the higher fair value
Central region	6,850,183	Income approach	Discount rate	5.5% to 7%	The higher discount rate, the lower fair value
			Market rents	RMB29 to RMB155 per square metre per month	The higher market rent, the higher fair value
South region	1,104,000	Income approach	Discount rate	6.5% to 7%	The higher discount rate, the lower fair value
			Market rents	RMB52 to RMB87 per square metre per month	The higher market rent, the higher fair value

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Information about fair value measurements in level 3 are as follows (Continued):

	Fair value as at 31 December 2020	Valuation techniques	Unobservable inputs		
			Name	Range/weighted average	Relationship of unobservable inputs of fair value
Trading financial assets					
Investment of real estate projects in Australia expected to be recovered within one year	242,648	Discounted future cash flow	Discount rate	Discount rate for one year	The higher discount rate, the lower fair value
Other non-current financial assets					
Investment of real estate projects expected to be recovered over one year	4,120,310	Discounted future cash flow	Discount rate	Discount rate for period from two to four years	The higher discount rate, the lower fair value
Tiancheng Yongtai	1,682,731	Market approach	Contract price	RMB28,878 to RMB58,200 per square metre	The higher contract price, the higher fair value

	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs		
			Name	Range/weighted average	Relationship of unobservable inputs of fair value
Trading financial assets					
Investment of real estate projects in Australia expected to be recovered within one year	3,520,171	Discounted future cash flow	Discount rate	Discount rate for period from one day to three years	The higher discount rate, the lower fair value
Other non-current financial assets					
Investment of real estate projects expected to be recovered over one year	1,066,373	Discounted future cash flow	Discount rate	Discount rate for period from one day to three years	The higher discount rate, the lower fair value
Tiancheng Yongtai	2,150,330	Market approach	Contract price	RMB28,878 to RMB58,200 per square metre	The higher contract price, the higher fair value
Other equity instrument investments					
Equity interests of UCOMMUNE	238,283	Market approach	Equity valuation	Fair value of net assets of UCOMMUNE multiplied by interests held according to the latest capital injection agreement	The higher equity valuation, the higher fair value

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Information about the fair value measurement of level 2 are as follows:

	Fair value as at December 2020	Valuation techniques	Observable input	
			Name	Range/weighted average
Trading financial assets	47,922	Discounted future cash flow	Discount curves Forward exchange rate	Discount rate for one year (currency include USD,HKD and RMB) Forward exchange rate for each forward contract from the valuation date to the maturity date
Derivative financial assets	48,828	Discounted future cash flow	AUD forward exchange rate at balance sheet date Discounted rate	5.1544 0.0225%
Trading financial liabilities	151,270	Discounted future cash flow	Discount curves Forward exchange rate	Discount rate for one year (currency include USD,HKD and RMB) Forward exchange rate for each forward contract from the valuation date to the maturity date
Derivative financial liabilities	238,764	Black Scholes formula, discounted future cash flow Discounted future cash flow	Cross currency interest rate AUD forward exchange rate at balance sheet date Discounted rate	Observable exchange rate, interest rate and volatility level 5.0393 to 5.0569 0.0197% to 0.0205%

	Fair value as at 31 December 2019	Valuation techniques	Observable input	
			Name	Range/weighted average
Derivative financial assets	95,931	Discounted future cash flow Black Scholes formula, discounted future cash flow	AUD forward exchange rate at balance sheet date Discounted rate Cross currency interest rate	4.8960 to 5.0413 0.84% to 1.01% Observable exchange rate, interest rate and volatility level
Trading financial assets	51,973	Discounted future cash flow	Discount curves Forward exchange rate	Discount rate for one year (currency include USD and RMB) Forward exchange rate for each forward contract from the valuation date to the maturity date
Other non-current financial assets	233,321	Discounted future cash flow	Discount curves Forward exchange rate	Discount rate for two years (currency include USD and RMB) Forward exchange rate for each forward contract from the valuation date to the maturity date

NOTES TO THE FINANCIAL STATEMENTS

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

13. FAIR VALUE ESTIMATES (Continued)

(2) Assets and liabilities not measured at fair value but disclosure fair value

Financial assets and liabilities measured at amortized cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payable and long-term payables.

Except for the financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value:

	31 December 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	54,144,477	55,183,454	26,708,636	27,507,849
Debentures payable	37,508,466	37,393,006	35,884,775	36,073,995
Long-term payables	2,722,380	2,768,201	4,297,476	4,309,657
Total	94,375,323	95,344,661	66,890,887	67,891,501

The fair value of long-term borrowings, long-term payables and debentures payable without active market price are determined by the present value of the contracted future cash flow, which is calculated using the discount rate in the market of comparable credit rating that can provide much the same cash flows in the same conditions. This situation belongs to Level 3.

14. CAPITAL MANAGEMENT

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

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

The total capital of the Group is the equity in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements and monitors its capital by Asset-liability ratio.

The asset-liability ratios as at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	31 December 2019
Total liabilities	163,219,964	143,228,212
Total assets	210,549,900	185,269,318
Asset-liability ratio	78%	77%

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

15. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

(1) Important non-adjustment matters

Item	Content	Impact on financial status and operating results	The reason for the impact cannot be estimated
Issuance guaranteed bonds	In January 2021, the Group successfully issued USD400 million guaranteed bonds with the interest rate of 4.65%	The assets and liabilities would increase by USD400 million approximately	N/A
Issuance of guaranteed bonds	In March 2021, the Group successfully issued guaranteed bonds of USD100 million with the interest rate of 4.65%	The assets and liabilities would increase by RMB100 million approximately	N/A

(2) Statement of profit distribution

According to the resolution of the board of directors on 29 March 2021, the board of directors resolved not to declare any final dividend in respect of the year ended 31 December 2020.

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2020	31 December 2019
Cash on hand	4	4
Bank deposits	15,785,172	10,003,374
Total	15,785,176	10,003,378

(2) Trading financial assets

	31 December 2020	31 December 2019
Entrusted investment of asset management plan (i)	58,173	189,198

(i) The fair value of the trading financial assets is determined by the closing price on the last trading day of the year.

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(3) Other receivables

	31 December 2020	31 December 2019
Receivables due from subsidiaries (i)	66,929,240	80,486,370
Receivables due from other related parties	8,760,432	6,736,829
Tender bonds and other guarantee deposits	82,157	87,600
Others	30,117	1,990,251
Total	75,801,946	89,301,050
Less: provision for doubtful debts	(33,573)	(24,000)
Net	75,768,373	89,277,050

- (i) As at 31 December 2020, the loan from the Company to subsidiary Hainan Outlets Tourism amounted to RMB1,013,980,000 (31 December 2019: RMB655,844,000) with interest rate of 5.66% and no fixed maturity date; the loan from the Company to subsidiary Chengdu Ruihua amounted to RMB631,776,000 (31 December 2019: RMB2,060,043,000) with interest rate of 10% and no fixed maturity date; and the loan from the Company to subsidiary Wuhan Rongcheng Kaichuang amounted to RMB1,364,045,000 (31 December 2019: Nil) with interest rate of 12% and no fixed maturity date.

Except for the receivables above, the other receivables due from subsidiaries were interest free, unmortgaged and unguaranteed, and with no fixed maturity date.

- (a) The aging of other receivables is analyzed as follows:

	31 December 2020	31 December 2019
Within 1 year	45,696,307	56,229,329
1 to 2 years	11,833,276	20,179,764
2 to 3 years	7,098,996	6,620,757
Over 3 years	11,173,367	6,271,200
Total	75,801,946	89,301,050

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(3) Other receivables (Continued)

(b) Loss provision and changes in book value:

	First stage					Third stage		Total
	Expected credit loss over the next 12 months (grouping)		Expected credit loss over the next 12 months (separate)		Sub-total	Expected credit loss for the Lifetime (impairment has occurred)		
	Carrying amount	Provisions	Carrying amount	Provisions		Provisions	Carrying amount	
31 December 2019	89,277,050	-	-	-	-	24,000	(24,000)	(24,000)
Movement	(13,499,104)	(9,573)	-	-	(9,573)	-	-	(9,573)
31 December 2020	75,777,946	(9,573)	-	-	(9,573)	24,000	(24,000)	(33,573)

As at 31 December 2020 and 31 December 2019, there is no significant expected loss for other receivables at the first stage.

As at 31 December 2020 and 31 December 2019, there is no other receivables at the second stage.

As at 31 December 2020, analysis of provision for doubtful debts for other receivables at the third stage are as follows:

	Book value	Expected lifetime credit loss rate (%)	Provision for doubtful debts
Separate provision:			
Receivables from Beijing Gehua Culture Development Co., Ltd ("Gehua Group")	14,000	100	(14,000)
Dongguan Xinzi Real Estate Development Co., Ltd. ("Dongguan Xinzi")	10,000	100	(10,000)
Total	24,000		(24,000)

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(3) Other receivables (Continued)

(b) Loss provision and changes in book value (Continued):

As at 31 December 2019, analysis of provision for doubtful debts for other receivables at the third stage are as follows:

	Book value	Lifetime expected credit loss rate	Provision for doubtful debts
Separate provision:			
Gehua Group	14,000	100	(14,000)
Dongguan Xinzi	10,000	100	(10,000)
Total	24,000		(24,000)

As at 31 December 2020, the loans from the Company to Gehua Group amounted to RMB14,000,000 (31 December 2019: RMB14,000,000). The Company expected that the receivable would not be collected, so a full provision for impairment is recognized.

As at 31 December 2020, the loans from the Company to Dongguan Xinzi amounted to RMB10,000,000 (31 December 2019: RMB10,000,000). The Company expected that the receivable would not be collected, so a full provision for impairment is recognized.

(4) Long-term equity investments

	31 December 2020	31 December 2019
Subsidiaries (a)	8,907,073	7,679,532
Joint ventures (b)	79,424	195,307
Associates (c)	43,789	17,945
Total	9,030,286	7,892,784
Less: Provision for impairment of long-term equity investment	—	—
Net	9,030,286	7,892,784

There is no significant restriction on sale of the long-term equity investments and collection of the investment income for the Company.

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(4) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2019	Changes in this year			31 December 2020
		Increase in investment	Decrease in investment	Provisions for impairment Others	
S.C	734,095	-	-	-	734,095
Beijing Anhua Shiji Real Estate Development Ltd.	136,303	-	-	-	136,303
Beijing Capital Xinzi Real Estate Ltd.	642,625	-	-	-	642,625
Beijing Capital Langyuan Culture Development Co., Ltd.	369,970	-	-	-	369,970
Beijing Sunshine City Real Estate Development Co., Ltd.	82,766	-	-	-	82,766
Ruiyuan Fengji	10,000	-	-	-	10,000
Beijing Ruiyuan Fengxiang Real Estate Development Co., Ltd.	10,000	-	-	-	10,000
Beijing Zhongrui Kaihua Investment Management Co., Ltd.	219,043	-	-	-	219,043
Beijing Xinyuan Huafu Investment Management Co., Ltd. ("Xinyuan Huafu")	5,000	700,000	(700,000)	-	5,000
Capital Guoxin Asset Management Co., Ltd.	100,000	-	-	-	100,000
Beijing Dongqi Jinzhao Infrastructure Investment Co., Ltd.	30,000	-	-	-	30,000
Beijing Xiangneng Real Estate Ltd.	500,000	-	-	-	500,000
Beijing Shouzhi Culture Technology Development Co., Ltd.	100,000	-	-	-	100,000
Tianjin Eco City Jiaming Ronghe Development Co., Ltd.	60,000	-	-	-	60,000
Shoujin Capital	300,000	-	-	-	300,000
Beijing Capital Land Chengdu Co., Ltd.	150,000	-	-	-	150,000
Jiangsu Capital Real Estate Development Ltd.	60,165	-	-	-	60,165
Wuxi Capital Xindong Real Estate Development Co., Ltd.	100,000	-	-	-	100,000
Haikou Capital Xinye Investment Co., Ltd.	10,000	-	-	-	10,000
Beijing Shangboya Investment Consultant Co., Ltd.	30,000	-	-	-	30,000
Central Plaza	39,466	-	-	-	39,466
IFC	20,480	-	-	-	20,480
BECL Investment Holding Ltd.	67,296	-	-	-	67,296
Beijing Zhongzhi Dingfu Real Estate Co., Ltd.	100,000	-	-	-	100,000
Shanghai Capital Zhengheng Real Estate Co.,Ltd.	10,000	-	-	-	10,000
Juyuan Xincheng (Tianjin) Investment Management Co., Ltd.	500,000	-	-	-	500,000
Donghuan Xinrong	1,064,065	-	-	-	1,064,065
Shenyang Xinyun	20,000	-	-	-	20,000
Beijing Zhoulian Weiye Investment Co., Ltd.	1,000,000	-	-	-	1,000,000
Chongqing Capital Xinshi Real Estate Co.,Ltd.	1,151,290	-	-	-	1,151,290

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(4) Long-term equity investments (Continued)

(a) Subsidiaries (Continued)

	31 December 2019	Changes in this year			31 December 2020
		Increase in investment	Decrease in investment	Provisions for impairment Others	
Shoujing Property (Shanghai)	-	10,000	-	-	10,000
Shouyang Property (Shanghai)	-	10,000	-	-	10,000
Shouao Property (Shanghai)	-	10,000	-	-	10,000
Chengdu Zhenghua	-	30,000	-	-	30,000
Shangbodi	-	129,787	-	-	129,787
Capital Outlets (Kunshan) Real Estate	-	317,782	-	-	317,782
Kunshan Xinkai	-	98,972	-	-	98,972
Capital Dongxing (Kunshan) Real Estate Development Co., Ltd. ("Kunshan Dongxing real estate")	-	620,900	-	-	620,900
Others	56,968	5,100	(5,000)	-	57,068
Total	7,679,532	1,932,541	(705,000)	-	8,907,073

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(4) Long-term equity investments (Continued)

(b) Joint ventures

	31 December 2019	Changes in this year							31 December 2020
		Increase in investment	Decrease in investment	Share of net profit/(loss)	Share of other comprehensive income	Other equity changes	Cash dividend declared	Others	
Shangbodi	115,799	-	(129,787)	13,988	-	-	-	-	-
Zhuhai Hengqin Fund Management Company	31,410	-	-	(1,875)	-	-	-	-	29,535
Tianjin Tonghua Qiangyu Investment and Management Co., Ltd.	6,632	-	-	(46)	-	-	-	-	6,586
Beijing Wanzhu	41,466	-	-	1,837	-	-	-	-	43,303
Total	195,307	-	(129,787)	13,904	-	-	-	-	79,424

(c) Associates

	31 December 2019	Changes in this year							31 December 2020
		Increase in investment	Decrease in investment	Share of net profit/(loss)	Share of other comprehensive income	Other equity changes	Cash dividend declared	Others	
Golden Net	13,394	-	-	-	-	-	-	-	13,394
Kaiyuan Hean	4,551	-	-	(4,551)	-	-	-	-	-
Cultural Industry Investment Fund	-	30,000	-	395	-	-	-	-	30,395
Total	17,945	30,000	-	(4,156)	-	-	-	-	43,789

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(5) Other equity instrument investments

	31 December 2020	31 December 2019
Equity instrument investments CDB Siyuan	31,225	50,000

	31 December 2020	31 December 2019
CDB Siyuan		
– Cost	31,225	50,000
– Accumulated changes in fair value	–	–

(6) Other non-current financial assets

	31 December 2020	31 December 2019
Investment of Tiancheng Yongtai (a)	550,000	1,133,245

- (a) The investment is part of the right to profit in real estate development project of Tiancheng Yongtai held by the Group.

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(7) Fixed assets

	Buildings	Motor vehicles	Office equipment	Total
Cost				
31 December 2019	72,925	12,959	17,256	103,140
Increase	–	–	2,180	2,180
Purchase	–	–	2,180	2,180
Decrease	–	–	(1,791)	(1,791)
Dispose and written-off	–	–	(1,791)	(1,791)
31 December 2020	72,925	12,959	17,645	103,529
Accumulated depreciation				
31 December 2019	(24,286)	(11,908)	(14,248)	(50,442)
Increase	(1,741)	(266)	(440)	(2,447)
Provision	(1,741)	(266)	(440)	(2,447)
Decrease	–	–	1,791	1,791
Disposed and written off	–	–	1,791	1,791
31 December 2020	(26,027)	(12,174)	(12,897)	(51,098)
Provision for impairment				
31 December 2019	–	–	–	–
Increase	–	–	–	–
Decrease	–	–	–	–
31 December 2020	–	–	–	–
Net book value				
31 December 2020	46,898	785	4,748	52,431
31 December 2019	48,639	1,051	3,008	52,698

In 2020, depreciation amount of fixed assets is RMB2,447,000 (2019: RMB2,537,000), from which depreciation expenses charged to administrative expense amounted to RMB2,447,000 (2019: RMB2,537,000).

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(8) Deferred income tax assets

	31 December 2020		31 December 2019	
	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets
Provision for impairment of assets	33,573	8,393	24,000	6,000
Accrued expenses	19,130	4,782	19,130	4,782
Accumulated losses	6,652,808	1,663,202	5,397,891	1,349,473
Total	6,705,511	1,676,377	5,441,021	1,360,255

(9) Short-term borrowings

	31 December 2020	31 December 2019
Credit borrowings	90,000	90,000
Pledged borrowings (a)	–	833,263
Interest accrued	6,771	6,850
Total	96,771	930,113

(a) Pledged borrowings

As at 31 December 2020, pledged short-term borrowings has been fully repaid(31 December 2019: RMB833,263,000).

As at 31 December 2020, the annual interest rate for short-term borrowings is 6.50%(31 December 2019: 5.70% to 6.50%).

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(10) Employee benefits payables

	31 December 2020	31 December 2019
Short-term employee benefits payables (a)	74,089	162,715
Defined contribution plans payables (b)	147	147
Total	74,236	162,862

(a) Short-term employee benefit payables

	31 December 2019	Additions	Reductions	31 December 2020
Wages and salaries, bonuses, allowances and subsidies	60,000	58,821	(118,821)	–
Staff welfare	–	338	(338)	–
Social security contributions	46	3,017	(3,017)	46
<i>Including:</i> Medical insurance	40	2,980	(2,980)	40
Work injury insurance	2	25	(25)	2
Maternity insurance	4	12	(12)	4
Housing funds	23	4,708	(4,708)	23
Labor union funds and employee education funds	4,310	3,210	(3,731)	3,789
Director's emoluments (Note 9(7))	26,550	608	(713)	26,445
Profit sharing plan	71,784	–	(28,000)	43,784
Others	2	461	(461)	2
Total	162,715	71,163	(159,789)	74,089

As at 31 December 2020 and 31 December 2019, there is no defaulted payables in employee benefits.

The Company does not provide non-monetary benefit to employees.

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(10) Employee benefits payables (Continued)

(b) Defined contribution plans payables

	31 December 2019	Additions	Reductions	31 December 2020
Basic social pension security	84	1,007	(1,007)	84
Annuity	26	1,814	(1,814)	26
Unemployment insurance	37	50	(50)	37
Total	147	2,871	(2,871)	147

(11) Other payables

	31 December 2020	31 December 2019
Payables to subsidiaries	44,404,757	47,178,519
Payables to other related parties	3,716,934	1,008,097
Payables from business routine	2,019,929	2,488,532
Dividends payable to other equity instruments	395,360	578,171
Total	50,536,980	51,253,319

(12) Current portion of non-current liabilities

	31 December 2020	31 December 2019
Long-term borrowings due within one year (Note 16(13))	–	4,032,000
Debentures payable due within one year (Note 16(14))	11,530,302	6,690,454
Interest accrued	647,809	505,815
Total	12,178,111	11,228,269

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(13) Long-term borrowings

	31 December 2020	31 December 2019
Credit borrowings	1,080,990	1,532,000
Guaranteed borrowings	–	2,500,000
Sub-total	1,080,990	4,032,000
Less: Long-term borrowings due within one year, including:		
Credit borrowings	–	(1,532,000)
Guaranteed borrowings	–	(2,500,000)
Sub-total	–	(4,032,000)
Net	1,080,990	–

As at 31 December 2020, the annual interest rate for long-term borrowings is 6.80%.

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(14) Debentures payable (Note 4(29))

	31 December 2019	Issued in current year	Amortization for discount and premium	Redemption in this year	31 December 2020	Interest accrued
Corporate bonds	28,937,970	7,473,019	53,179	(6,419,000)	30,045,168	1,439,646
Including: debentures payable due within one year	(6,690,454)				(11,530,302)	
Net	22,247,516				18,514,866	

(15) Other equity instruments

In December 2020, Zhongyuan Trust Co., Ltd established Bond Financing Plan to raise a total amount of RMB1,000,000,000. According to relevant terms of Debt investment contract, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, reduces registered capital, declares liquidation or breach contractual obligations, the Company may elect to defer the distribution without any frequency limitations. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. Other equity instruments amounted to RMB985,284,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Company issued Perpetual Securities amounted to RMB1,000,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB995,500,000 was recognized after deducting the relevant costs.

In April 2019, CFAE established Bond Financing Plan Investment to raise a total amount of RMB2,000,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB1,862,842,000 was recognized after deducting the inevitable dividend payable in the foreseeable future. In September 2020, the Company repaid RMB1,410,000,000 of the other equity instrument and reduced the capital reserve by RMB90,000,000 accordingly (Note 4(34)).

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(15) Other equity instruments *(Continued)*

In April 2019, AVIC Trust set up a Bond Financing Plan Investment to raise a total amount of RMB1,800,000,000. According to the Trust loan contract, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, reduces registered capital, declares liquidation or breach contractual obligations, the Company may elect to defer the distribution without any frequency limitations. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. Amount of RMB1,685,346,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, Sino-Australian International Trust Co., Ltd. (hereinafter "Sino-Australian Trust") set up a special asset management plan to raise a total amount of RMB870,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. Within 12 months from value date, the company shall not exercise the right of deferred interest and the frequency of deferring interest is not restricted. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. Amount of RMB796,050,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, CAFE established Bond Financing Plan investment to raise a total amount of RMB350,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB337,400,000 was recognized after deducting the inevitable dividend payable in the foreseeable future. In September 2020, the Company fully repaid the Bond Financing Plan and reduced the capital reserve by RMB12,600,000 accordingly (Note 4(34)).

In August 2018, CFAE established Bond Financing Plan investment to raise a total amount of RMB1,800,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB1,735,200,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(15) Other equity instruments *(Continued)*

In August 2018, the Company issued Perpetual securities amounted to RMB2,000,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and cannot exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB1,991,000,000 was recognized after deducting the relevant costs.

In June 2018, the Company issued Perpetual securities amounted to RMB2,000,000,000. According to relevant terms of Offering Circular the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and cannot exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB1,988,000,000 was recognized after deducting the relevant costs.

In April 2018, CFAE established Bond Financing Plan investment to raise a total amount of RMB200,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB184,600,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, CFAE established Bond Financing Plan investment to raise a total amount of RMB600,000,000. According to relevant terms of Offering Circular, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB553,800,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(15) Other equity instruments *(Continued)*

In December 2017, Sino-Australia Trust set up a special asset management plan to raise a total amount of RMB1,100,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. Within 12 months from value date, the company shall not exercise the right of deferred interest and the frequency of deferring interest is not restricted. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. Amount of RMB1,024,650,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

In September 2017, China Fortune International Trust Co., Ltd. (hereinafter "China Fortune International") set up a special asset management plan to raise a total amount of RMB2,000,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. Amount of RMB1,970,028,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future. In September 2020, the Company fully repaid the special asset management plan above and reduced the capital reserve by RMB29,972,000 (Note 4(34)).

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(16) Capital reserve

	31 December 2019	Additions	Reductions	31 December 2020
Share premium	3,515,341	628,037	(132,572)	4,010,806

	31 December 2018	Additions	Reductions	31 December 2019
Share premium	3,059,320	560,730	(104,709)	3,515,341

In January 2020, the Company has received the proceeds amounting to RMB800,762,000 from H shares rights issue, of which RMB290,384,000 is included in the capital reserve (share premium).

In 2020, the Company made a capital injection amounted to RMB700,000,000 to its subsidiary Xinyuan Huafu and agreed that Xinyuan Huafu will transfer its 100% equity of Kunshan Xinkai, Capital Outlets (Kunshan) real estate and Kunshan Dongxing real estate to the Company free of charge. The difference between the net book assets and the capital injection of Kunshan Xinkai, Capital Outlets (Kunshan) real estate and Kunshan Dongxing real estate at the time of transfer is regarded as the profit generated from equity transaction with related parties, and the corresponding capital reserve of RMB337,653,000 is recognized.

In September 2017, China Fortune International set up a special asset management plan to raise a total amount of RMB2,000,000,000. In September 2020, the Company fully repaid the special asset management plan above and reduced the capital reserve by RMB29,972,000 accordingly (Note 4(34)).

In September 2018, CAFE established Bond Financing Plan investment to raise a total amount of to RMB350,000,000. In September 2020, the Company repaid the Bond Financing Plan above and reduced the capital reserve by RMB12,600,000 accordingly (Note 4(34)).

In April 2019, CFAE established Bond Financing Plan Investment to raise a total amount of RMB2,000,000,000. In September 2020, the Company repaid RMB1,410,000,000 of the other equity instruments above and reduced the capital reserve by RMB90,000,000 accordingly (Note 4(34)).

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(17) Retained earnings

	2020	2019
Retained earnings at the beginning of the year	789,834	788,162
Add: Profit attributable to owners of the Company	(274,223)	1,637,696
Less: Appropriation of statutory surplus reserve	–	(163,770)
Dividends to common share (a)	(741,700)	(666,151)
Dividends to other equity instruments interests	(944,202)	(806,103)
Retained earnings at the end of the year	(1,170,291)	789,834

- (a) On the meeting of board of directors held on 23 March 2020, the directors proposed a final dividend of RMB0.17 per share to the shareholder, the total amount payable were RMB741,700,000 based on the Company's total issued number of shares as at 23 March 2020, which is 4,362,940,850. The dividend distribution plan was approved by shareholders on general meeting of shareholders held on 13 May 2020.

(18) Revenue and cost of sales

	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of properties	32,011	33,544	–	–
Consulting services	125,103	–	47,654	–
Temporary rental	1,660	–	1,614	–
Others	2,328	–	–	–
Total	161,102	33,544	49,268	–

(19) Expense by nature

	2020	2019
Costs of properties sold	33,544	–
Wages, social security and welfare	74,034	272,350
Administrative office expenses	22,266	25,023
Depreciation and amortization	2,447	2,537
Travel and entertainment expenses	3,286	9,850
Auditor's service fee	8,111	10,274
– Audit service	7,399	8,991
– Non-audit services	712	1,283
Other intermediary service fee	25,975	19,592
Marketing and commission fee	624	60
Others	260	642
Total	170,547	340,328

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(20) Financial expenses

	2020	2019
Interest expense	1,651,993	1,955,508
Interest income	(221,944)	(197,122)
Exchange (gains)/losses	(9,611)	10,174
Others	72,892	89,734
Total	1,493,330	1,858,294

(21) Investment income

	2020	2019
Share of net profit or loss of investees under equity method	9,748	7,598
Gains from disposal of subsidiaries	–	1,981,460
Investment income earned during the period of ownership of debt investment	881,946	556,947
Gains from disposal of associates	–	134,552
Distribution of dividends by subsidiaries	13,277	964,000
Others	27,488	75,687
Total	932,459	3,720,244

NOTES TO THE FINANCIAL STATEMENTS

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

16. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(22) Income tax expenses

	2020	2019
Deferred income tax	(316,122)	(62,939)

Reconciliations from income tax calculated based on the applicable tax rates and total (loss)/profit presented in the Company financial statements to the income tax expenses are listed below:

	2020	2019
(Loss)/Profit before income tax	(590,345)	1,574,757
Income tax expenses calculated at applicable tax rates (25%)	(147,586)	393,689
Share of net profit of joint ventures and associates under equity method	(2,437)	(1,899)
Other profit not subject to tax	(5,722)	(238,457)
Write-off of deferred income tax assets recognized in previous years	113,224	–
Distribution eligible for tax deduction	(274,687)	(271,098)
Expenses, costs and losses not deductible	1,086	54,826
Income tax expenses	(316,122)	(62,939)

17. NET CURRENT ASSETS

	31 December 2020 Consolidated	31 December 2019 Consolidated	31 December 2020 Company	31 December 2019 Company
Current assets	169,225,285	155,377,694	91,632,034	99,510,837
Less: current liabilities	(91,844,304)	(69,262,690)	(62,951,618)	(63,641,823)
Net current assets	77,380,981	86,115,004	28,680,416	35,869,014

NOTES TO THE FINANCIAL STATEMENTS

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

18. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2020 Consolidated	31 December 2019 Consolidated	31 December 2020 Company	31 December 2019 Company
Total assets	210,549,900	185,269,318	102,972,353	110,000,644
Less: current liabilities	(91,844,304)	(69,262,690)	(62,951,618)	(63,641,823)
Total assets less current liabilities	118,705,596	116,006,628	40,020,735	46,358,821



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