



佳兆業集團控股有限公司^{*}
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638



2020

ANNUAL REPORT

^{*} For identification purposes only

CORPORATE OVERVIEW

Established in 1999, Kaisa Group Holdings Ltd. (the “**Company**” or “**Kaisa**”), which together with its subsidiaries, is referred to as the “**Group**” or “**Kaisa Group**”) (stock code: 1638) is headquartered in Hong Kong. It was listed on the Main Board of The Hong Kong Stock Exchange Limited on 9 December 2009.

Kaisa Group is a large-scale comprehensive investment group in China, with more than 20 groups and professional companies, over 100 branches and approximately 17,000 employees. Its total assets amount to approximately RMB310 billion. Kaisa Group owns 6 listed platforms around the world, namely Kaisa Group Holdings Ltd (1638.HK), Kaisa Prosperity Holdings Limited (2168.HK), Kaisa Health Group Holdings Limited (876.HK), Kaisa Jia Yun Technology Inc (300242.SZ), Nam Tai Property Inc (NYSE: NTP), Southern Shuanglin Bio-pharmacy Co. Ltd (000403.SZ). Currently, Kaisa’s businesses have covered major economic regions such as Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”), the coordinated development area of Beijing-Tianjin-Hebei regions and the Yangtze River Economic Belt. Kaisa Group has entered more than 50 major cities across the country. Its business covers more than 20 industrial fields such as comprehensive development, urban renewal, healthcare, culture & leisure, sports, technology, property management, water-way passenger and cargo transportation, commercial operations, catering management, hotel operations, technology industry, football club, international education and so on.

Kaisa Group implements the development strategy of “real estate + urban renewal + industrial development” as three driving forces, and ranks the 24th in the “2021 China Top 100 Real Estate Companies in 2021” (2021中國房地產百強企業第24位), and continues to be the “No. 1 Chinese Real Estate Urban Renewal Excellent Enterprise” (中國房地產城市更新優秀企業第一名) in 2019-2021.

Kaisa Group has always stood at the height of the city’s comprehensive industrial operator. With “professionalism, innovation, value, and responsibilities” as its core corporate values, it possesses a global vision with an unwavering spirit of innovation. While having multiple perspectives such as intensive intelligence, green and low carbon and quality services, the Group focuses on the development of China’s urbanization, and has made positive contributions to promoting industrial upgrading, fostering urban development and enhancing urban value.



The Group is grateful to repay the support and be thankful for the times. Over the past 22 years, Kaisa Group has always regarded social responsibility as its own one. It has funded more than 80 charitable projects in poverty alleviation, poverty relief, education, medical care, environmental protection, and fighting the epidemic, with a cumulative amount of more than RMB1.6 billion. The Group has also gradually established a complete charity platform of “Three Funds and One Foundation” (三金一會) comprising Kaisa Public Welfare Foundation (佳兆業公益基金會), Kaisa Medical Workers Caring Fund (佳兆業白衣天使基金), Kaisa Yushu Education Fund (佳兆業玉樹助學基金) and Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金). The Group continues to promote the advancement of public welfare undertakings through normalized, institutionalized, and standardized operating mechanisms.



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. KWOK Ying Shing (*Chairman*)
 Mr. SUN Yuenan (*Vice Chairman*)
 Mr. MAI Fan (*Vice Chairman*)
 Mr. LI Haiming
 Mr. KWOK Hiu Kwan

NON-EXECUTIVE DIRECTOR

Ms. CHEN Shaohuan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. RAO Yong
 Mr. ZHANG Yizhao
 Mr. LIU Xuesheng

AUDIT COMMITTEE

Mr. RAO Yong (*Chairman*)
 Mr. ZHANG Yizhao
 Ms. CHEN Shaohuan

REMUNERATION COMMITTEE

Mr. ZHANG Yizhao (*Chairman*)
 Mr. RAO Yong
 Mr. KWOK Ying Shing

NOMINATION COMMITTEE

Mr. KWOK Ying Shing (*Chairman*)
 Mr. RAO Yong
 Mr. ZHANG Yizhao

AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan
 Mr. MAI Fan

COMPANY SECRETARY

Mr. YU Kwok Leung

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 3306, Kerry Center
 Ren Min South Road
 Luohu
 Shenzhen
 Guangdong
 China



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

30/F, The Center
99 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Ping An Bank Company Limited
China Citic Bank Corporation Limited
China Minsheng Banking Corp. Ltd.

LEGAL ADVISERS

As to Hong Kong and U.S. law:

Sidley Austin

As to PRC law:

King & Wood Mallesons

As to Cayman Islands law:

Harney Westwood & Riegels

AUDITOR

Grant Thornton Hong Kong Limited

LISTING INFORMATION

Share Listing

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
(Stock Code: 1638.HK)

COMPANY'S WEBSITE

<http://www.kaisagroup.com>



MILESTONES

KEEPING UP WITH THE TIMES AND STARTING A NEW CHAPTER OF DEVELOPMENT

1. 40 Years and Top 40

In August 2020, Kaisa Group was listed as one of the “40 Most Respected Listed Companies (最受尊敬40家上市公司)” for the 40th Anniversary of Shenzhen Special Economic Zone, and Mr. Kwok Ying Shing, Chairman of Kaisa’s Board of Directors, was named one of the “40 Most Respected Entrepreneurs (最受尊敬40位企业家)”.



2. Establishment of the Party Committee

In October 2020, the Shenzhen Kaisa Group Committee of the Communist Party of China (中共深圳市佳兆業集團委員會) was officially established, and will continue to explore new ideas and new models for Party building as a non-public enterprise in the future, and strive to be an exemplary demonstration for Party building in non-public enterprises in Shenzhen and even in China.



3. Entering the Era of Hundreds of Billions of Sales

In December 2020, Kaisa Group’s attributable contracted sales hit nearly RMB107 billion, which exceeded its annual target and remarked an era of hundreds of billions of sales.



4. Set up of Headquarters in Beijing

In October 2020, the Beijing headquarters was established to make a comprehensive planning on the abundant financial, media, technology, and human resources in Beijing and provide strategic support for the Group’s business development.



MILESTONES

PARTICIPATING IN PUBLIC WELFARE TO DEMONSTRATE CORPORATE RESPONSIBILITIES

1. Fighting against the Epidemic with Love

After the outbreak of the coronavirus epidemic in 2020, Kaisa Group has, in aggregate, donated money and supplies amounting to nearly RMB20 million. The cultural and sports business, commercial business, and long-term rental apartments business under Kaisa Group also actively responded by reducing or exempting part of the rent, so as to help all tenants and merchants affected to overcome the difficulties.

**2. Ongoing Assistance to Poverty Alleviation**

In June 2020, Kaisa Group once again donated RMB173 million to decisively win the fight against poverty and support rural revitalization. Since 2017, Kaisa has donated a total of RMB513 million, which is fully used in the fight against poverty in Guangdong Province. It has been one of the Guangdong enterprises with the largest accumulated donation in the past four years.

**3. Donation to Hong Kong University of Science and Technology (HKUST)**

Kaisa Group donated HK\$200 million to support the scientific research and education of HKUST, and established a joint research institute to cultivate high-quality innovation and entrepreneurship projects. The establishment of the HKUST-Kaisa Joint Research Institute (香港科技大学—佳兆业联合研究院) is an important measure taken by Kaisa Group to respond to the national strategy of strengthening the country through science and technology and to promote the high-quality development of enterprises through technological innovation.



MILESTONES

4. Securing Production: Resumption of Construction and Work for Projects Nationwide

In April 2020, Kaisa's Wuhan projects fully resumed work. This indicated all sites under construction across the country have resumed work, and all sales offices have been opened.



5. Stabilising Employment: Enthusiastic Response for Campus Recruitment in 2021

Kaisa Group's 2021 global campus recruitment for Kaisa New Generation (新佳族) launched more than ten live broadcasts and offline presentations, attracting the attention and participation of more than 120,000 outstanding graduates from China, Japan, Australia, Switzerland, the United States, and the United Kingdom.



CONTINUOUSLY RISING STRENGTHS

1. Ranking TOP 1 in Urban Renewal Once Again

In March 2020, Kaisa Group once again won TOP 1 in "2020 Excellent Real Estate Enterprises of Urban Renewal in China" (2020中國房地產城市更新優秀企業TOP 1), highlighting the high recognition of Kaisa's strengths in serving city operation from authoritative institutions and the market.



2. Being the Top 20 in the Country

In May 2020, Eh-Consulting released the list of "2020 Top 100 Listed Real Estate Companies in China (2020年中國上市房企百強)". Leveraging on its comprehensive strengths, Kaisa Group saw a jump in its ranking to the TOP 20.



MILESTONES

3. Ranking Improvement among Domestic Private Enterprises

In September 2020, Kaisa Group ranked 169th in the 2020 China Top 500 Private Enterprises Ranking (2020中國民營企業500強榜單) with a revenue of RMB48 billion, a significant improvement of 40 places from the previous year. The Group also ranked 54th in the “2020 China Top 100 Private Enterprises in Service Industry Ranking (2020中國服務業民營企業100強榜單)”. The event was organised by the All-China Federation of Industry and Commerce.



4. Top 10 Creditable Shenzhen Real Estate Enterprises

In December 2020, Kaisa Group was awarded as “Top 10 Creditable Shenzhen Real Estate Enterprises (深圳地產資信10強)”. The evaluation is one of the measures for the Shenzhen branches of the four major state-owned banks – Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank to implement national policies and actively promote the establishment of sustainable and healthy development. It also provides a benchmark for further bank-enterprise cooperation.



CONTINUES INNOVATION AND BREAKTHROUGHS IN REAL ESTATE SEGMENT

1. First Entry into the Hong Kong Residential Market

In January 2020, Kaisa Group successfully won a bid for a land parcel with a floor area of 580,000 square feet in Castle Peak Bay, Tuen Mun, New Territories, Hong Kong, for residential use, marking the Company's first entry into the Hong Kong market and further deepening its presence in the Greater Bay Area.



2. Groundbreaking for Shenzhen Dongshan Project, a Benchmark for Luxury Product

In January 2020, Dongshan project in Futian District, Shenzhen, kicked off groundbreaking ceremony. The project is located at the core of the central business district of Futian District, and will be built into a new benchmark for high-end residence at the center of Shenzhen.



MILESTONES

3. Digital Marketing Solutions

During the epidemic in February 2020, Kaisa Group promptly launched an online app “Kaisa-your new house (置業佳)” to allow online house viewing, which created online digital marketing solutions in a timely and effective manner.



4. MGM Mhub Hotel (美高梅美薈酒店), a Five-star Resort Hotel, has Commenced Construction

In June 2020, Kaisa Shenzhen Nan'ao Project commenced construction. Upon completion, the project, namely, Shenzhen Kaisa MGM Mhub Hotel (深圳佳兆業美高梅美薈酒店), will become another international five-star resort hotel with cultural tourism elements in Dapeng New District. It is expected to commence operation in 2024.



5. First Helicopter Route to Create a Demonstration of Airspace Tourism in the Greater Bay Area

In July 2020, Kaisa and Heli-Eastern jointly launched helicopter tours in Kaisa Golden Bay International Resort, which will be Shenzhen's first designated flight route serving the resort area. This kind of new transportation mode will link up all cities in the Greater Bay Area, promote regional economic development as well as provide a successful model and experience for high-end cultural tourism in Shenzhen.



6. A New Commercial Landmark Unveiled in Shanghai

In August 2020, the grand opening of the landmark building with a high standard in design and construction, Shanghai Kaisa Financial Center was held. The project will further enhance Kaisa's brand influence, attract talents and improve its market competitiveness in Shanghai.



MILESTONES

7. Grand Opening of Airport Tech City to Empower the Industry

In August 2020, Kaisa Airport Tech City was opened for business. The project successfully introduced companies like DHL, the world's top 500 leading enterprises, and others, which has laid a solid foundation for becoming a demonstration base for Kaisa's technological innovation industry and the place of origin of technological innovation in Central China.



8. The Topping Out Ceremony of Shenzhen's Landmark

In November 2020, Kaisa Financial Technology Center, which is a benchmarking A-class office building located at Shennan Avenue, Futian District, Shenzhen, held the topping-out ceremony.



DIVERSIFIED BUSINESSES WITH FRUITFUL RESULTS

1. Five Brand New Stores of Karfun World Debuted in Three Cities

In the second half of 2020, the new product line "Karfun World" of Kaisa Commercial Group was launched to accelerate its nationwide penetration. Shenzhen Dongda Street Karfun World (深圳東大街佳紛天地), Dongguan Songshan Lake Karfun World (東莞松山湖佳紛天地), Shaoyang Central International Plaza (邵陽中環國際廣場), Guangzhou Shiling International Plaza (廣州獅嶺國際廣場) and Guangzhou Huangpu Karfun World (廣州黃埔佳紛天地) commenced operation successively.



2. Improving the National Network of Cultural and Sports Stadiums by Operating Six New Stadiums

In 2020, Kaisa Culture & Sports Technology Group has successfully obtained the right to operate and manage stadium projects in Shenzhen, Hangzhou, Chengdu, and Huizhou. Its nationwide stadium network has expanded to cover 15 cities.



MILESTONES

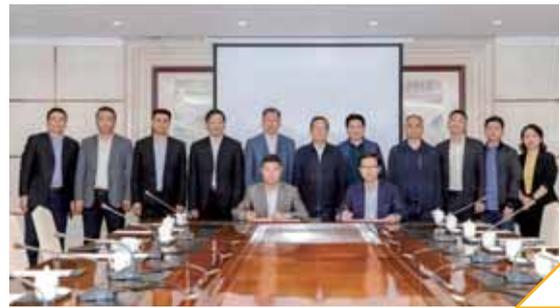
3. Linking 5G to Build a Joint Laboratory with China Telecom

In April 2020, Kaisa Technology Group reached cooperation with China Telecom. Both parties will jointly build a 5G future life joint laboratory (5G未來生活聯合實驗室) and jointly participate in the consultation, construction and operation support services of digitalization systems for government and industry customers in smart communities, parks and other related fields. This cooperation is an important step for Kaisa to actively embrace the 5G era and empower the development of the real estate industry with technology.



4. Tapping into the Healthcare Business by Signing a Contract with Zhuhai Health City (珠海健康城)

In April 2020, Kaisa Health Group officially signed the Zhuhai Shili Lianjiang International Health City Project (珠海十里蓮江國際健康城項目). Upon completion, the project will provide high-end customers in the Guangdong-Hong Kong-Macau Greater Bay Area and even the whole country with products and services that are best suitable for living, healthcare and tourism.



5. Setting Foot in the Education Industry with the Opening of the First Independently Operated Campus

Shenzhen Pingshan Kendu Project (坪山肯渡項目) of Kaisa Education Group is expected to officially commence school in September 2021. Pingshan Kendu School (坪山肯渡學校) will be the first independently operated campus built by Kaisa Education Group.



MILESTONES

6. Kaisa Prosperity Acquired 60% Equity Interest in Zhejiang Ruiyuan Property

In December 2020, Kaisa Prosperity acquired 60% equity interest in Zhejiang Ruiyuan Property at a consideration of RMB107.7 million. Ruiyuan Property has a total GFA under management exceeding 10 million sq.m.. The acquisition will bring new growth driver of business scale and profit to Kaisa Prosperity, and at the same time consolidate Kaisa Prosperity's strategic presence in the Yangtze River Delta region.

**7. First Foray into Shantou to Create a New Tourism Industry in Nan'ao**

In December 2020, Kaisa Oceanus Group's first cultural and tourism project in Shantou officially commenced its construction. The project will build the first water sports center in Nan'ao County and amenities such as sailing berths and breakwater for Asian Youth Games to meet the requirements of the Third Asian Youth Games' events.



AWARDS

MARCH



30th among 2020 Top 500 China Real Estate Developers

China Real Estate Association,
Shanghai E-house China R&D Institute
China Real Estate Appraisal Centre

JUNE



Top 10 Caring Enterprises of Guangdong Poverty Alleviation Day

The Leading Group Office of Poverty Alleviation and Development of Guangdong Province

AUGUST



2020 TOP 22 China Property Companies in Integrated Capability

EH Consulting



2020 Top 14 China Property Companies in Brand Value

EH Consulting

MAY



20th among 2020 Top 100 China Listed Property Developers in Integrated Capability

EH Consulting

JULY



2020 All-Asia Executive Team – “Honored Companies”

Institutional Investor



Top 40 Honored Entrepreneurs of the 40th Anniversary of Shenzhen Special Economic Zone – Mr. KWOK Ying Shing

Securities Times

AWARDS

AUGUST



Top 40 Honored Enterprises of the 40th Anniversary of Shenzhen Special Economic Zone

Securities Times



Best Governance Award of China Real Estate Companies in 2020

Leju Finance

SEPTEMBER



Top 1 Leading Brands of Chinese Developer – Urban Renewal 2020

China Index Academy,
China Real Estate
TOP 10 Research Team



Best Investor Relations Listed Company

Phoenix Finance,
Phoenix Hong Kong Stock

OCTOBER



ESG Leading Social Initiative Award

Bloomberg Businessweek/
Chinese edition

NOVEMBER



Listed Enterprises of the Year 2020

Bloomberg Businessweek/
Chinese edition

AWARDS

NOVEMBER



Best IR Team of the Year

Gelonghui



New Fortune Best IR of HK-Listed Company

New Fortune (新財富)

NOVEMBER



Financial Stability Benchmark Enterprise in 2020

China Business Journal (中國經營報)



Real Estate Companies Exemplar in Financial and Risk Management in 2020

Hexun Network (和訊網)

DECEMBER



1st among 2020 Top 30 China Real Estate Companies in Integrated Compatibility of Urban Renewal

China Real Estate Newspaper (中國房地產報)



Outstanding Contributing Chinese Real Estate Enterprise in Guangdong Precise Poverty Alleviation 2020

Guangdong Real Estate Association (廣東房協)

AWARDS

DECEMBER



Titanium Award in Environmental, Social and Governance

The Asset



Best Investor Relations Team

The Asset

DECEMBER



2020 China Real Estate Enterprise – Best Employer

EH Consulting, Keyan Zhiku (可研智库)



27th among 2020 Top 100 Private Enterprises of Guangdong Province

Federation of Industry and Commerce of Guangdong Province

DECEMBER



Deal of the Year-Best Sustainability Bond

The Asset



Best Investor Relations and Best Use of Debt

Institutional Investor



QUALITY LIVING

Quality plays a pivotal role in an enterprise's development
with enduring perseverance create endless possibilities



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. ("Kaisa" or the "Company", together with its subsidiaries, the "Group"), I hereby present to you the annual results of the Group for the year ended 31 December 2020 (the "Year") together with the comparative figures for the previous year.

RESULTS AND DIVIDEND

During the Year, the Group's revenue and gross profit increased by approximately 16.1% and 15.0% to approximately RMB55,770.2 million and RMB15,907.5 million respectively, as compared to 2019. Profit for the year attributable to owners of the Company and basic earnings per share increased by approximately 18.6% and 17.9% to RMB5,447.1 million and RMB89.1 cents respectively, as compared to 2019.

The Board recommended payment of a final dividend of HK12.0 cents per share for the year ended 31 December 2020 (2019: HK10.0 cents per share). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting (the "AGM").

BUSINESS REVIEW

Property Market and Policies

In 2020, being hit by the unanticipated COVID-19 shocks, the global economic and social development was under unprecedented pressure. Lockdowns in various countries once caused wide economic shutdown, disruption in industry and supply chains, and recession in the international trade and investment. The global economy has experienced the most severe recession since the Great Depression of the 1930s. Under the uncertainties brought by the pandemic, the Chinese government promulgated a series of targeted measures to be implemented progressively in phases to facilitate resumption of operation, production of businesses and the markets. China is the first country to realise the normalisation of pandemic prevention and control and has minimised the impacts on the economy and society, enabling it to become the only country to maintain a positive growth among the world's major economies in 2020 with an annual GDP exceeding RMB100 trillion for the first time, representing a year-on-year increase of 2.3%.

For the property market, policies saw relaxation first and tightened afterwards. In the first half of the Year, with the introduction of measures from both supply and demand sides, the Central Government and local governments rolled out supporting measures such as release of liquidity, instalment payment of land transfer fees, extension of completion date, increasing efforts in talent introduction and grant of housing purchase subsidies to mitigate liquidity pressure of real estate enterprises and push up market confidence. In the second half of the Year, such relaxed policies have been gradually tightened, as evidenced by control measures being implemented in different cities and gradually stricter regulations on real estate finance by the Central Government by establishing a long-term effective mechanism for regulating real estate finance at both the bank and individual ends to prevent financial risks. During the Year, the Central Government continued to steadfastly uphold the principles of "housing is not for speculation and formulating city-specific policies" while precisely taking control measures to realise its long-term goal of stabilising land and housing prices and expectation.

According to the National Bureau of Statistics, in 2020, the saleable area of commodity housing reached 1,760.86 million sq.m., representing a year-on-year increase of 2.6%, while the sales amount reached RMB17,361.3 billion, representing a year-on-year increase of 8.7%.

Contracted Sales

In 2020, the Group's attributable contracted sales exceeded RMB100,000 million for the first time and reached a record high of RMB106,896 million, representing a year-on-year increase of 21.3%. According to the "2020 Top 200 Chinese Property Developers" published by CRIC, the Group ranked 24th in terms of attributable contracted sales value, up by 3 places as compared to 2019. Benefiting from the Central Government's policies and the blooming growth in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"), the Greater Bay Area market contributed 58% to the Group's sales. In particular, projects in Shenzhen, Guangzhou, Huizhou and Dongguan recorded strong sales. Rooted in Shenzhen for years, the Group was awarded as "Top 40 Honored Enterprises of the 40th Anniversary of Shenzhen Special Economic Zone" by Securities Times for its efforts in serving the city's development.

CHAIRMAN'S STATEMENT

Social distancing caused by the pandemic has encouraged the development of digital marketing. During the Year, the Group launched a series of online marketing activities, including entering into strategic cooperation with TMALL Haofang to launch “Kaisa X TMALL Haofang – Kaisa Official Flagship Store” and launching Taobao live streaming and proprietary sales platforms via Wechat application, and Tik Tok Blue V official account “Kaisa-your new house (佳兆業置業佳)” and so on. All of these online channels not only overcame the limitations on time and space, but also facilitated sales and de-stocking and gained the first-mover advantage.

Kaisa is committed to providing high-quality products and services for first home buyers and upgraders with rigid demands. During the Year, more than 20 projects of the Company were granted more than 30 international and domestic awards in terms of design, provincial and municipal quality and safety. By virtue of its good reputation and brand bargaining power, projects including Shenzhen Kaisa Sky-high Summit, Guangzhou Kaisa Yuejiang Mansion, Huizhou Kaisa Shiguangdao, Shanghai Kaisa City Plaza and Nanjing Kaisa Eminent Residence received overwhelming responses after launching.

Land Bank

The Group continued to deepen its penetration in the first-tier and major second-tier cities and acquired a total of 47 parcels of land nationwide, with approximately 5.65 million sq.m. of attributable gross floor area (“GFA”), for an aggregate attributable consideration of approximately RMB47,114 million. In terms of attributable consideration, newly acquired lands in first-tier cities accounted for 49%; in terms of attributable GFA, newly acquired lands in the Greater Bay Area accounted for 63%.

As of 31 December 2020, the Group had 217 real estate projects in 51 cities nationwide. The Group’s land bank totaled approximately 28.8 million sq.m., of which approximately 15.9 million sq.m. are in the Greater Bay Area, accounting for 55% of the Group’s overall land bank. The Group’s land bank in Shenzhen and Guangzhou, which are the core markets that the Group has intensively developed over the years, accounted for 36% of its land bank in the Greater Bay Area.

It is worth noting that Kaisa is developing 4 residential projects in Hong Kong Island, Kowloon and the New Territories of Hong Kong during the Year. This has further consolidated the Group’s strategic layout in the Greater Bay Area.

Urban Renewal

As an enterprise focusing on the urban renewal market in Shenzhen, Kaisa has been penetrating in the urban renewal market in the Greater Bay Area for many years and has become a leading enterprise in the industry by virtue of its good reputation and extensive experience. During the Year, the Group successfully converted 9 urban renewal projects in Hong Kong, Shenzhen, Guangzhou and Huizhou with GFA and saleable resource of approximately 1.8 million sq.m. and RMB64,000 million, which over-fulfilled its annual goal of conversion. In terms of attributable consideration of newly acquired land in 2020, land supply from urban renewal accounted for approximately 29% of the Group’s total land supply and has become an important channel for the replenishment of the Group’s landbank at low cost.

During the Year, various favourable policies for urban renewal development were launched in cities in the Greater Bay Area. Pursuant to the Regulations of Shenzhen Special Economic Zone on Urban Renewal (《深圳經濟特區城市更新條例》) approved by the Standing Committee of Shenzhen People’s Congress on 30 December 2020, for urban renewal projects in Shenzhen, if 95% relocation consent is collected, the remaining households may be subject to mediation and expropriation lawfully. This has sped up the conversion progress and efficiency of urban renewal projects and provided clear guideline in solving the difficulties of demolition. In addition, Guangzhou government has also promulgated a set of documents regarding urban renewal such as the “Opinions on Deepening Urban Renewal and Promoting High Quality Development” (《關於深化城市更新推進高質量發展的實施意見》) and rolled out a new round of measures. Dongguan and Zhongshan governments also issued a series of documents to facilitate the development of urban renewal. These policies are of significant importance for the conversion of the Group’s renewal projects in the Greater Bay Area.

As of 31 December 2020, Kaisa still has more than 200 urban renewal projects which are yet to be converted into land bank of the Group. These projects are substantially located in the cities of the Greater Bay Area such as Shenzhen, Guangzhou, Dongguan and Zhongshan. In addition, the Group’s urban renewal team is actively identifying opportunities for urban renewal in cities with high investment value out of the Greater Bay Area.

CHAIRMAN'S STATEMENT

Capital and Financing

In 2020, the overall financing environment in China was initially relaxed but eventually tightened. In the first half of the Year, as impacted by the COVID-19 pandemic, the Central Government adopted a range of monetary policy instruments to maintain liquidity at a reasonably sufficient level. As the pandemic gradually came under control in China and property sales recovered, during the second half of the Year, the Chinese government continued to strengthen regulations on real estate financing by imposing measures not only on the demand side to limit the increase of debt of real estate enterprises, but also on the supply side by introducing a centralised management system for real estate loan, for the purpose of encouraging real estate enterprises to deleverage and improve the quality of operation while promoting a long-term stable development of the industry.

Under such circumstances, the Group's main focus for the Year was to reduce financing costs, expand financing channels, extend debt maturity and mitigate short-term repayment risks. Regarding domestic financing, in addition to maintaining a good cooperative relationship with traditional financing channels, Kaisa also successfully issued asset-backed securities ("ABS") and asset-backed notes ("ABN") with an aggregate amount of RMB2.6 billion. At the same time, the Group also obtained a quota for issuing RMB3 billion worth of corporate bond to finance long-term rental apartment development, which further expanded its domestic financing channels.

Regarding offshore financing, the Group successfully issued a tranche of US\$150 million senior notes with a bond yield of 5.5% during the Year, marking a record low yield for the Company in recent years. Meanwhile, leveraging the four high-quality real estate projects in Hong Kong, the Company has built closer cooperation relationships with major commercial banks. During the Year, financing costs of new offshore borrowings decreased by more than 200 basis points as compared to the same period last year. In order to relieve the Company's short-term repayment pressure, the Group issued two tranches of senior notes due 2025 in early 2020 to extend the overall debt maturity. At the same time, the Company also repaid a total of US\$950 million worth of senior notes throughout the Year via cash tender offer and secondary market repurchase, demonstrating its commitment in active liability management.

During the Year, Kaisa launched a sustainable finance framework, which is the first among domestic real estate companies, and obtained the "Second Party Opinion on Sustainable Finance Framework". The two sustainable senior notes of the Company were even awarded the "Best Sustainability Bond 2020" by The Asset, a well-known international asset management and investment magazine.

In terms of ratings, both the Group and Kaisa (Shenzhen) were granted issuer ratings of "AA+" respectively by CXXI, United Credit Ratings and Dagong Global Credit domestically. International rating agencies such as Moody's Investor Services, Standard and Poor's Rating Services and Fitch Ratings reaffirmed the Company's issuer credit rating of "B1", "B" and "B" with a "Stable" outlook respectively.

As of 31 December 2020, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB47.1 billion. The Group's liabilities to assets ratio excluding receipts in advance (including contract liabilities) was down to 70.3%; net gearing ratio dropped significantly to 97.9%; and cash to short-term debt ratio (excluding restricted cash) was up to 1.56 times, reflecting the Group's solid liquidity position.

With the Group's sound and stable financial strategy, strong profitability and outstanding solvency, the Group was awarded the "2020 Benchmark Enterprise in terms of Financial Stability" (2020年度財務穩健標杆企業) by China Business Journal (中國經營報) and "2020 Paragon Real Estate Companies of Financial and Risk Management" (2020房地產企業財務風控榜樣) by Hexun Network (和讯網).

Capital Market's Recognition

Kaisa received high recognition for its performance in the capital market during the Year. Subsequent to the inclusion in Hang Seng Composite Index, Hang Seng Composite LargeCap & MidCap Index, and Hang Seng Stock Connect Greater Bay Area Index, the Company was included as a constituent of Hang Seng Large-Mid Cap Value Tilt Index and Hang Seng Large-Mid Cap (Investable) Index in May and October 2020, respectively, which helps Kaisa become the investment target of more index funds. The Company's share performance outperformed by far Hang Seng Index and Hang Seng Properties Sub-index during the Year.

As regarding the environmental, social and corporate governance ("ESG"), MSCI, a renowned global index compiler, upgraded the Group's ESG rating from "B" to "BB". Sustainalytics, an ESG rating and research company, also granted the Group a "low risk" score of 18.7, which is the best score in the real estate industry. Due to the outstanding ESG performance, the Group garnered the Titanium Award at the "ESG Corporate Awards" by The Asset magazine, and the Leading Social Initiative Award by Bloomberg Businessweek/Chinese edition.

CHAIRMAN'S STATEMENT

Thanks to the trust and support of investors, the Group was awarded the “Best IR of Hong Kong-listed Company” by New Fortune (《新財富》), “Honored Companies” in 2020 All-Asia Executive Team, “Best Investor Relations” and “Best Use of Debt” in “Global Fixed Income Investor Relations” in the real estate and construction sector by Institutional Investor, a leading international publisher focused primarily on international finance, as well as “Best Investor Relations Team” by The Asset.

Prospects

Looking ahead, with the rollout of the COVID-19 vaccine, it is expected that the COVID-19 pandemic will gradually come under control. However, the degree of recovery and rebound in growth of the global economy still hinge on the integrated effects of a series of factors including the development trend of the COVID-19 pandemic, the adjustment of global value chain, the foreign economic policy of the U.S. government, the intensity and effect of different countries' fiscal and monetary policies as well as the stability of the global financial market. The global economy is expected to undergo a weak recovery, casting numerous uncertainties over China's economic development.

Nevertheless, the overall upward trend of the domestic economy will not alter. 2021 is the first year of China's “14th Five-Year Plan” and also the 100th anniversary of the Communist Party of China. China will embark on a new journey of fully building a modern socialist country. According to “The CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035” (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標的建議》), the Central Government reiterated the positioning of “houses are for living in, not for speculation” and encouraged the promotion of both home rental and purchase and adoption of city-specific policies, with a view to facilitating stable and healthy development of the real estate market. Meanwhile, in order to prevent excessive financialisation of the real estate market and take preventive measures to resolve systemic financial risks, the Central Government will continue to foster the establishment of a long-term effective management mechanism for real estate finance and reinforce supervision on real estate finance.

Facing the new landscape of future real estate development, Kaisa will implement a prudent land acquisition strategy on the investment side and develop projects through cooperation, to realise complementary strengths, reduce investment risks, lower land expenditures, and ensure sufficient cash flow. At the same time, the Group will accelerate the conversion of urban renewal projects to develop high-quality projects with high profitability by the Company. On the sales side, the Group will continue to accelerate collection of sales proceeds and boost sales through online and offline collaborative sales activities. On the operation side, through continuous improvements in product research and development capacity and cost control ability, the Company will accelerate project construction, display, delivery and provision of services, which in turn will enhance product price premium and increase profits. On the financing side, the Company will strive to actively expand financing channels, improve maturity profile and reduce financing costs.

As urbanisation continues to benefit China's real estate industry and with the ongoing advantages provided by the Central Government's favourable policies regarding the Greater Bay Area and the pilot demonstration area of Shenzhen, Kaisa will ride the tide of time to keep on actively exploring investment opportunities brought by the development of large and medium-sized city clusters in China, grasp the potential of regional economic and industrial development and population policy, and achieve balance between the development of scale and profit enhancement in order to steadily forge ahead.

Acknowledgement

The steady development of the Group depended on the enormous support from the community, as well as the dedication and contribution of our staff members. On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company for their trust and support. Kaisa Group will closely monitor the latest development of the health crisis. We will also continue to work hard to fulfil or even exceed our goals so as to maximise the value and returns to our shareholders and investors.

KWOK Ying Shing

Chairman

Hong Kong, 25 March 2021

FINE LIVING

Giving priority to customers value
with enduring perseverance
create endless possibilities





佳离

佳纷天地

OMEGA

HERMES

CELINE

D&G

MANAGEMENT DISCUSSION AND ANALYSIS



OVERALL PERFORMANCE

During the year ended 31 December 2020, the Group recorded revenue of approximately RMB55,770.2 million, representing an increase of 16.1% as compared with 2019. Profit attributable to owners of the Company amounted to approximately RMB5,447.1 million, representing a year-on-year increase of 18.6%. Basic earnings per share amounted to RMB89.1 cents (2019: basic earnings per share amounted to RMB75.6 cents).

The Board recommended the payment of a final dividend of HK12.0 cents per share for the year ended 31 December 2020 (2019: HK10.0 cents per share). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted sales in 2020

In 2020, the Group's contracted sales amounted to approximately RMB106,896 million, representing an increase of 21.3% from 2019. Aggregated GFA sold for the year was approximately 6,164,589 sq.m., representing an increase of 32.8% from 2019. The table below shows the Group's contracted sales by region in 2020:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Guangdong-Hong Kong-Macao Greater Bay Area	2,912,864	62,579
Yangtze River Delta	821,307	18,504
Central China Region	423,807	4,624
Western China Region	778,497	10,008
Pan-Bohai Bay Rim	1,228,114	11,181
Total	6,164,589	106,896

Property development

Projects completed in 2020

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Year, the GFA of newly completed projects of the Group amounted to approximately 2.74 million sq.m..

Projects under development

As at 31 December 2020, the Group had 105 projects under development with an aggregate of GFA of approximately 16.44 million sq.m..

Property management

The Group generated revenue from providing property management services. During the year ended 31 December 2020, the Group managed a total GFA of approximately 57.5 million sq.m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As of 31 December 2020, the Group's property services penetrated into 51 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2020, the Group held 19 investment property projects, with an aggregate GFA of 1.33 million sq.m., including completed investment properties of GFA of 0.54 million sq.m. for leasing purpose.

Land bank

The Group remained cautious in replenishing its land bank nationwide by making reference to the development of the Company, availability of land supply and its existing land bank. By ways such as joint development, acquisition, bidding, auction and listing as well as urban renewal, the Group seeks project resources in China's regions where economy prospers. The Group has 217 real estate projects in 51 cities nationwide.

In 2020, the Group acquired a total of 47 parcels of land or related interests. The aggregate attributable consideration for land acquisition amounted to approximately RMB47,114 million. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 5.65 million sq.m..

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2020, the Group had a total land bank of approximately 28.75 million sq.m., and approximately 55% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

The table below sets forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Site Area (sq.m.)	Attributable Building Area (sq.m.)	Attributable Consideration (RMB in millions)	Land use
January 2020	Hangzhou, Zhejiang	51%	49,166	55,164	457.6	Residential
February 2020	Changsha, Hunan	49%	126,529	228,252	774.9	Residential and Commercial
March 2020	Dongguan, Guangdong	34%	69,524	70,914	837.4	Residential
March 2020	Dongguan, Guangdong	24%	33,763	26,465	169.4	Residential and Commercial
March 2020	Zhongshan, Guangdong	100%	33,000	83,000	727.1	Residential
March 2020	Chengdu, Sichuan	100%	45,635	91,200	889.9	Residential and Commercial
May 2020	Foshan, Guangdong	51%	62,406	90,990	1,027.7	Commercial
May 2020	Changsha, Hunan	65%	34,300	57,879	319.1	Commercial
May 2020	Guangzhou, Guangdong	49%	113,401	166,700	1,432.3	Residential
May 2020	Dongguan, Guangdong	49%	22,451	33,002	374.9	Residential
June 2020	Huizhou, Guangdong	55%	110,871	189,035	1,080.8	Residential and Commercial
June 2020	Dongguan, Guangdong	51%	27,600	42,177	359.9	Residential
June 2020	Jieyang, Guangdong	60%	159,004	277,036	296.4	Residential and Commercial
June 2020	Chongqing	100%	116,773	175,160	1,325.0	Residential
June 2020	Dongguan, Guangdong	51%	60,512	77,153	1,335.1	Residential
June 2020	Guangzhou, Guangdong	80%	102,392	262,123	2,114.4	Residential and Commercial
June 2020	Shenzhen, Guangdong	51%	5,427	17,054	217.2	Industrial
June 2020	Shenzhen, Guangdong	26%	7,241	13,780	635.6	Commercial
June 2020	Guangzhou, Guangdong	80%	243,200	314,960	1,840.0	Residential and Commercial
July 2020	Beijing	60%	20,039	24,046	756.0	Residential
July 2020	Qingdao, Shandong	51%	61,492	56,449	451.0	Residential
July 2020	Nanjing, Jiangsu	49%	40,522	43,700	1,205.4	Residential
July 2020	Shanghai	47%	27,819	28,765	767.6	Residential
July 2020	Luoyang, Henan	32%	95,613	76,491	365.8	Residential
July 2020	Luoyang, Henan	49%	238,037	427,911	1,634.3	Residential and Commercial
July 2020	Dongguan, Guangdong	49%	41,837	56,393	558.4	Residential and Commercial
July 2020	Hangzhou, Zhejiang	52%	36,748	45,861	1,480.6	Residential
August 2020	Huizhou, Guangdong	50%	72,710	109,065	244.8	Residential and Commercial
August 2020	Guiyang, Guizhou	91%	182,977	499,526	609.9	Residential and Commercial
August 2020	Kunming, Yunnan	49%	33,728	35,981	168.5	Residential
August 2020	Wuhan, Hubei	34%	45,753	57,357	584.0	Residential
September 2020	Jieyang, Guangdong	100%	147,300	314,007	523.7	Residential and Commercial
September 2020	Shenzhen, Guangdong	100%	68,800	214,700	2,980.1	Residential
September 2020	Huizhou, Guangdong	60%	207,700	365,040	1,368.9	Residential and Commercial
October 2020	Hefei, Anhui	100%	37,485	73,204	1,145.5	Residential

MANAGEMENT DISCUSSION AND ANALYSIS

Time of Acquisition	Location	Attributable Interest	Site Area (sq.m.)	Attributable Building Area (sq.m.)	Attributable Consideration (RMB in millions)	Land use
November 2020	Huizhou, Guangdong	55%	165,997	292,047	2,274.0	Residential and Commercial
November 2020	Shenzhen, Guangdong	13%	37,254	21,889	364.0	Residential
November 2020	Ningbo, Zhejiang	51%	26,647	33,826	732.8	Residential
November 2020	Wuxi, Jiangsu	49%	48,697	38,178	244.9	Residential
November 2020	Guangzhou, Guangdong	60%	30,623	60,634	1,211.0	Residential
November 2020	Shenzhen, Guangdong	100%	82,000	286,000	3,517.8	Residential
November 2020	Xiaogan, Hubei	50%	141,448	75,675	196.3	Residential
December 2020	Jiangmen, Guangdong	49%	45,937	56,273	388.1	Residential
Onshore Sub-total			3,360,358	5,565,063	39,986	
January 2020	Tuen Mun, Hong Kong	100%	13,538	54,152	3,185.0	Residential
May 2020	Sai Wan, Hong Kong	100%	365	3,258	500.5	Residential
October 2020	Cheung Sha Wan, Hong Kong	75%	381	2,475	239.4	Residential
November 2020	Kai Tak, Hong Kong	50%	9,708	26,697	3,203.2	Residential
Offshore Sub-total			23,992	86,582	7,128	
Total			3,384,350	5,651,645	47,114	

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, (vii) health care operations and (viii) others. Revenue increased by 16.1% to approximately RMB55,770.2 million in 2020 from approximately RMB48,021.7 million in 2019. 91.8% of the Group's revenue was generated from the sales of properties (2019: 91.3%) and 8.2% from other segments (2019: 8.7%).

Sales of properties

Revenue from sales of properties increased by approximately RMB7,345.8 million, or 16.7%, to approximately RMB51,194.4 million in 2020 from approximately RMB43,848.6 million in 2019. The increase was primarily attributable to an increase in the total delivered GFA from approximately 2.5 million sq.m. in 2019 to approximately 3.2 million sq.m. in 2020.

Rental income

Rental income increased by approximately RMB88.0 million, or 19.3%, to approximately RMB543.7 million in 2020 from approximately RMB455.7 million in 2019. The increase was primarily due to commencement of rental at certain properties during the year.

Property management

Revenue from property management services increased by approximately RMB436.9 million, or 47.9%, to approximately RMB1,349.2 million in 2020 from approximately RMB912.3 million in 2019. This increase was primarily attributable to the increased GFA under property management.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel and catering operations

Revenue from hotel and catering operations of the Group decreased by approximately RMB13.5 million, or 4.9% to approximately RMB263.4 million in 2020 from approximately RMB276.9 million in 2019. Due to the outbreak of COVID-19 pandemic, the performance of the hotel and catering operations have been negatively affected in the first quarter. Since the second quarter, with significant relief measures and effective controls of the domestic pandemic, the hotel industry have recovered gradually.

Cinema, department store and cultural centre operations

Revenue from cinema, department store and cultural centre operations decreased by approximately RMB506.2 million, or 76.2%, to approximately RMB158.2 million in 2020 from approximately RMB664.4 million in 2019. The decrease was primarily due to the closure of cinema and culture centre in early 2020 as result of the outbreak of the COVID-19 epidemic.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation decreased by approximately RMB445.5 million, or 51.2%, to approximately RMB424.4 million in 2020 from approximately RMB869.8 million in 2019. The decrease was primarily due to the passenger volume decreased significantly as result of the outbreak of the COVID-19 epidemic.

Health care operations

Revenue from health care operations increased by approximately RMB267.5 million, or 119.7%, to approximately RMB491.0 million in 2020 from approximately RMB223.5 million in 2019. The increase was primarily due to acquisition of a pharmaceutical company in 2019.

Gross profit

As a result of the foregoing, the Group's gross profit increased by approximately RMB2,077.4 million, or 15.0%, to approximately RMB15,907.5 million in 2020 from approximately RMB13,830.1 million in 2019. The Group's gross profit margin remained stable at 28.5%.

Other gains and losses – net

The Group had net other gain of approximately RMB334.7 million in 2020, as compared to net other losses of approximately RMB1,494.3 million in 2019. The Group's net other gains and losses in 2020 mainly comprised provision for expected credit loss of approximately RMB876.5 million, write-down of completed properties held for sale and properties under development of approximately RMB2,578.9 million, written off of debtors and other receivables of approximately RMB476.5 million and net fair value loss on financial assets at fair value through profit or loss of approximately RMB307.2 million and offset by net exchange gain of approximately RMB4,670.8 million. The Group's net other gains and losses in 2019 mainly comprised provision for expected credit loss of approximately RMB478.1 million, loss on disposal of investment properties of approximately RMB193.8 million, impairment loss on intangible assets of approximately RMB473.4 million and write-down of completed properties held for sale and properties under development of approximately RMB367.7 million, written off of debtors and other receivables of approximately RMB275.3 million, loss on derecognition of interest in an associate of approximately RMB252.0 million, net exchange loss of approximately RMB816.5 million and offset by net fair value gain on financial assets at fair value through profit or loss of approximately RMB1,380.9 million, and government subsidy income of approximately RMB83.2 million, and net gain on repurchase of senior notes of approximately RMB178.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB21.1 million, or 1.1%, to approximately RMB2,017.3 million in 2020 from approximately RMB1,996.2 million in 2019.

Administrative expenses

The Group's administrative expenses increased by approximately RMB379.5 million, or 11.3%, to approximately RMB3,730.3 million in 2020 from approximately RMB3,350.8 million in 2019. The increase was mainly due to increase in staff costs, legal and professional fees and donations.

Net fair value gain of investment properties

The net fair value gain of the Group's investment properties increased by approximately RMB11.0 million, or 6.2%, to approximately RMB189.4 million in 2020 from approximately RMB178.4 million in 2019.

Net gain on disposals of subsidiaries

The Group had recorded net gain on disposals of subsidiaries of approximately RMB774.1 million in 2020 and approximately RMB245.6 million in 2019.

Net gain on deemed disposals of subsidiaries

The Group had recorded net gain on deemed disposals of subsidiaries of approximately RMB816.6 million in 2020 and approximately RMB2,460.6 million in 2019.

Fair value gain/(loss) of financial derivatives

The Group recorded a gain arising from the changes in fair value of financial derivatives of approximately RMB52.8 million in 2020 whereas the Group recorded a loss of RMB82.2 million in 2019. The fair value gain of financial derivatives in 2020 was primarily attributable to the decrease in fair value of financial derivatives component of convertible bonds issued in 2019 as result of the decrease in share price of the Company.

Finance costs – net

The Group's net finance costs increased by approximately RMB1,599.5 million or 732.0% to approximately RMB1,818.0 million in 2020 from RMB218.5 million in 2019. The increase was mainly due to increase in total interest expense as result of higher average balance of borrowings in 2020 and relatively lower amount of finance costs were capitalised as compared to last year.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB79.6 million, or approximately 1.5%, to approximately RMB5,224.0 million in 2020 from approximately RMB5,303.6 million in 2019.

Profit for the year and total comprehensive income for the year

As a result of the foregoing, the Group's profit for the year and total comprehensive income for the year amounted to approximately RMB5,278.4 million and approximately RMB5,319.4 million, respectively (2019: profit for the year and total comprehensive income for the year amounted to approximately RMB4,164.0 million and RMB4,138.8 million, respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial and capital resources

Cash position

As at 31 December 2020, the carrying amount of the Group's cash and bank deposits was approximately RMB47,113.2 million (31 December 2019: approximately RMB36,978.0 million), representing an increase of 27.4% as compared to that as at 31 December 2019. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 31 December 2020, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collateral amounted to approximately RMB6,248.9 million as at 31 December 2020 (31 December 2019: approximately RMB6,016.5 million).

Senior notes

During the year ended 31 December 2020, the Group issued US\$500 million 10.5% senior notes due 2025 and US\$300 million 9.95% senior notes due 2025 in January 2020; US\$400 million 6.75% senior notes due 2021 in February 2020; US\$300 million 7.875% senior notes due 2021 in June 2020, US\$400 million 9.75% senior notes due 2023 in July 2020, US\$300 million 11.25% senior notes due 2025 in July 2020, US\$400 million 11.25% additional senior notes due 2025 in September 2020, US\$200 million senior perpetual securities in November 2020, US\$200 million 11.95% additional senior notes due November 2023 in November 2020, US\$250 million 6.5% senior notes due 2021 in December 2020 and US\$150 million 6.5% additional senior notes due 2021 in December 2020.

During the year ended 31 December 2020, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US\$27 million, 6.75% senior notes due 2021 with a principal amount of US\$24 million and 11.75% senior notes due 2021 with a principal amount of US\$21 million. During the year ended 31 December 2020, the Group made tender offer to repurchase 6.75% senior notes due 2021 with a principal amount of US\$201.7 million and 11.75% senior notes due 2021 with a principal amount of US\$163.2 million. The repurchased notes were cancelled accordingly.

On 30 June 2020, the Group redeemed the outstanding 7.25% senior notes due 2020 of US\$513.0 million.

Convertible bonds

As at 31 December 2020, the Group had convertible bonds in an aggregate principal amount of US\$100 million (equivalent to approximately HK\$783 million) (the "**Convertible Bonds**"). The Convertible Bonds may be converted into conversion shares pursuant to the terms and conditions of the Convertible Bonds. Based on the adjusted conversion price of HK\$4.63 per share and assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 169,114,470 new shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings and charges on the Group's assets

As at 31 December 2020, the Group had aggregate borrowings of approximately RMB121,471.0 million, of which approximately RMB23,069.2 million will be repayable within 1 year, approximately RMB39,364.0 million will be repayable between 1 and 2 years, approximately RMB54,622.3 million will be repayable between 2 and 5 years, approximately RMB4,415.5 million will be repayable over 5 years.

As at 31 December 2020, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key financial ratios and "Three Red Lines"

As at 31 December 2020, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and bank balances, long-term and short-term bank deposits, and restricted cash) over total assets) of 24.0% (31 December 2019: 29.6%). The Group's net current assets increased by 50.1% from approximately RMB66,819.0 million as at 31 December 2019 to approximately RMB100,325.6 million as at 31 December 2020, the quick ratio (cash and short-term bank deposits of RMB45,913.2 million divided by short-term borrowings of RMB23,069.2 million) increased to 2.0 times as at 31 December 2020 from 1.1 times as at 31 December 2019, the current ratio increased to 1.8 times as at 31 December 2020 as compared to 1.5 times as at 31 December 2019.

The net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings and perpetual capital securities) minus cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) by the total equity (excluding perpetual capital securities). As of 31 December 2020, the Group's borrowings (including short-term and long-term borrowings and perpetual capital securities) were RMB122,821.0 million, and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) was RMB47,113 million. The total equity (excluding perpetual capital securities) was RMB77,369.3 million, so the net gearing ratio was 97.9%, which is 46.1 percentage points lower than the 144.0% as of 31 December 2019.

The cash to short-term debt ratio is cash and bank balances (excluding restricted cash and short-term bank deposits) divided by short-term borrowings. As at 31 December 2020, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were RMB36,078.8 million, short-term borrowings were RMB23,069.2 million. Therefore, the cash to short-term debt ratio was 1.56.

The liabilities to assets ratio after excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities (including perpetual capital securities) and dividing by total assets minus receipts in advance (including contract liabilities). As of 31 December 2020, the Group's receipts in advance (including contract liabilities) was RMB49,706.0 million, total liabilities (including perpetual capital securities) was RMB232,529.2 million, and total assets was RMB309,898.6 million; total liabilities (including perpetual capital securities) and total assets after excluding receipts in advance was RMB182,823.2 million and RMB260,192.5 million, respectively. Therefore, the liabilities to asset ratio after excluding receipts in advance was 70.3%, as compared with 75.9% of 31 December 2019, representing a decrease by 5.6 percentage points.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of borrowings

During the year ended 31 December 2020, the Group's total interest expense was approximately RMB11,525.6 million, representing an increase of approximately RMB649.0 million or 6.0% as compared to the corresponding period in 2019. The increase was primarily attributable to higher average balance of borrowings in 2020.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2020, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of approximately RMB73,185.5 million, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Financial guarantees

As at 31 December 2020, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB27,272.6 million (31 December 2019: approximately RMB32,816.5 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Employees and remuneration policy

As at 31 December 2020, the Group had approximately 17,100 employees (31 December 2019: approximately 15,300 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2020 amounted to approximately RMB2,316.1 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 14 June 2019. Further information of share option scheme has been set out in the section head "The New Share Option Scheme" of the report.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

Risks pertaining to the property market in the PRC

The Group's business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which the Group develops its property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where the Group has operations, could have a material adverse effect on its business, results of operations and financial condition.

Operational Risks

The Group's operations are subject to a number of risk factors distinctive to the property related businesses. Shortages of materials, equipment and skilled labour, labour disputes, default on the part of its buyers, contractors and strategic business partners, natural catastrophes, adverse weather conditions, inadequacies or failures of internal processes or other external factors may have various levels of negative impact on the results of the Group's operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to the Group's financial loss, litigation, or damage in reputation.

Further, property development is capital intensive in nature. The Group has financed its property development projects primarily through proceeds from sales of properties and bank borrowings. It may also access the capital markets to raise further financing. Its ability to obtain external financing in the future is subject to a variety of uncertainties, including the condition of the international and domestic financial markets and financing availability and general economic conditions in the PRC. If the Group fails to secure adequate financing or renew its existing loans prior to their expiry as a result of these governmental actions and policy initiatives, there may be a material adverse effect on the business, results of operations and financial condition of the Group.

Since January 2020, COVID-19 pandemic has spread rapidly across the PRC and other parts of the world, posing severe challenges to the global economy. The real estate sector of the PRC was also affected as property developers' sales offices and construction of projects in various places were suspended temporarily during the first quarter of 2020.

The Group has fully assessed the impact of the outbreak on its business and believes that the outbreak has a short-term impact on all trades and industries in the first quarter of 2020. However, with the effective control measures taken by the Chinese government, the outbreak has been gradually controlled. Many local governments have then adopted policies for phased relaxation of controls for the real estate industry to ensure the steady development of the real estate market. To cope with the situation, the Group also carried out actions to minimize the impact of the COVID-19 pandemic on its business, including measures to ensure smooth resumption of construction projects, punctual supply of units and minimization of the risks associated with units delivery. In addition, the Group flexibly adjusted its business and marketing strategies to drive continued recovery in sales since March 2020.

The Group will closely monitor the development of the COVID-19 pandemic and continue to assess the impact of the outbreak on the Group's finances and operations.

Legal Risk

The Company underwent onshore and offshore restructuring exercise and breached the relevant Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as set out in the section headed "Other non-compliances with the Listing Rules" in this report as a result of the prolonged Suspension and therefore may be subject to legal actions, disputes, disciplinary actions and regulatory investigations, which may disrupt or otherwise negatively affect the operations, financial conditions or reputation of the Group. For details of the remedial actions in respect of those breaches, please refer to the section headed "Other non-compliances with the Listing Rules" in the corporate governance report.

Financial Risk

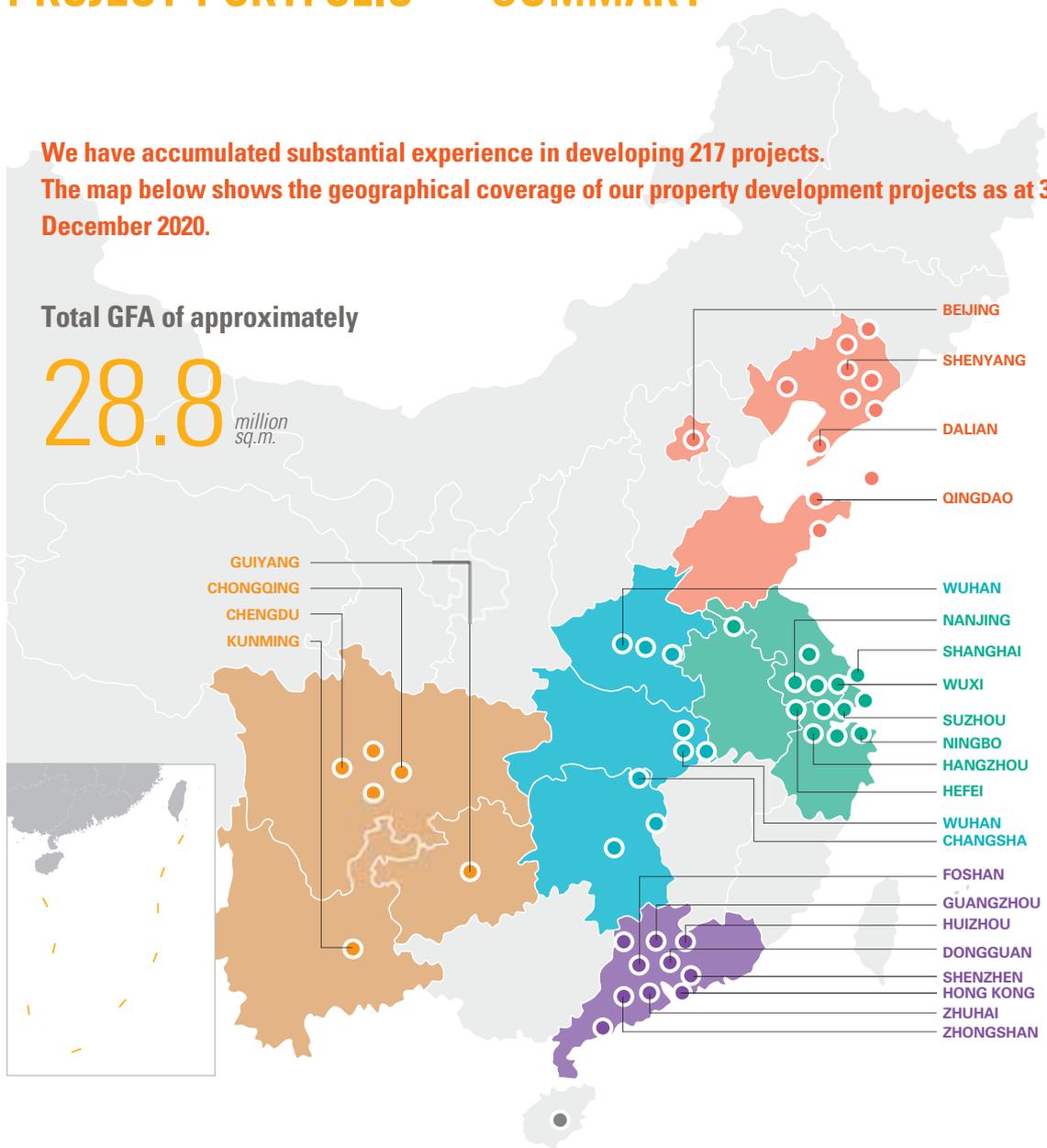
The financial risk management of the Group is set out in note 4 to the consolidated financial statements of the Company.

PROJECT PORTFOLIO — SUMMARY

We have accumulated substantial experience in developing 217 projects. The map below shows the geographical coverage of our property development projects as at 31 December 2020.

Total GFA of approximately

28.8 million sq.m.



55.3%
Greater Bay Area

7.9%
Yangtze River Delta

15.5%
Central China

12.2%
Western China

9.1%
Pan-Bohai Bay Rim

- Shenzhen
- Guangzhou
- Qingyuan
- Foshan
- Dongguan
- Huizhou
- Zhuhai
- Zhongshan
- Yangjiang
- Jieyang
- Jiangmen
- Hong Kong
- Sanya

- Shanghai
- Hangzhou
- Shaoxing
- Ningbo
- Jiaying
- Suzhou
- Zhangjiagang
- Nanjing
- Wuxi
- Xuzhou
- Jiangyin
- Taizhou
- Hefei

- Changsha
- Zhuzhou
- Hengyang
- Wuhan
- Ezhou
- Xiaogan
- Xinzheng
- Xinxiang
- Luoyang

- Chengdu
- Pengzhou
- Nanchong
- Chongqing
- Kunming
- Guiyang

- Beijing
- Bazhou
- Gu'an
- Qingdao
- Shenyang
- Anshan
- Benxi
- Huludao
- Dandong
- Dalian

PROJECT PORTFOLIO — SUMMARY

PROJECT PORTFOLIO – AS AT 31 DECEMBER 2020

No. Project	Address	Location	Type
The Greater Bay Area ⁽⁵⁾			
1	Shenzhen Woodland Height	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen Residential
3	Shenzhen Kaisa Center ⁽¹⁾	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'antian Community, Pinghu Sub-district, Longgang District	Shenzhen Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen Residential
9	Shenzhen Kaisa Financial Technology Center	Shennan Avenue, Futian District	Shenzhen Commercial
10	Shenzhen Metro City ⁽¹⁾	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen Residential
12	Shenzhen Kaisa Metropolitan Homeland ⁽¹⁾	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng New District	Shenzhen Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen Residential
15	Shenzhen Yantian Kaisa City Plaza	Mingzhu Avenue, Yantian District	Shenzhen Residential
16	Shenzhen Kaisa Golden Bay International Park	Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen Commercial
17	Shenzhen Marriott Hotel Golden Bay	No. 8 Jinsha Road, Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen Commercial
18	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen Residential
19	Shenzhen Pinghu Kaisa Plaza	Junction of Shouzhen Street and Pinghu Avenue, Pinghu Street, Longgang District	Shenzhen Residential
20	Shenzhen Kaisa Future City	Junction of Ruyi Road and Dayun Road, Longcheng Street, Longgang District	Shenzhen Residential
21	Shenzhen Nan'ao Project	Shuitousha Beach, Nan'ao Street, Dapeng New District	Shenzhen Commercial
22	Shenzhen Kaisa Dongmen New World ⁽¹⁾	Dongmen Street, Luohu District	Shenzhen Commercial & Residential
23	Shenzhen Kaisa E Cube	Junction of Huanguan Nan Road and Guantian Road, Guanlan Street, Longhua District	Shenzhen Commercial & Residential
24	Shenzhen Nam Tai Inno Park	West Wing of High-tech Industrial Park, Guangming District	Shenzhen Industrial
25	Shenzhen Nam Tai Technology Center	East of Nantai Road, Xixiang Street, Bao'an District	Shenzhen Industrial

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-8	160,514	580,135	580,135	—	—	100%
1-7	185,724	735,299	735,299	—	—	100%
—	5,966	98,241	98,241	—	—	100%
1-5	182,064	388,626	388,626	—	—	100%
—	57,984	143,796	143,796	—	—	100%
1-4	102,439	394,663	394,663	—	—	100%
—	9,066	105,830	105,830	—	—	100%
—	45,829	231,572	231,572	—	—	100%
1	14,411	142,000	—	142,000	—	100%
1-4	5,241	124,479	124,479	—	—	100%
1-4	179,642	1,084,854	825,271	259,583	—	100%
1-4	19,393	138,892	138,892	—	—	100%
1-2	48,256	186,466	186,466	—	—	100%
1-2	47,890	165,455	165,455	—	—	100%
1-3	170,311	694,042	600,814	93,228	—	100%
1-4	869,838	516,400	—	333,910	182,490	51%
1	34,449	77,834	77,834	—	—	100%
1-2	49,582	295,749	295,749	—	—	51%
1-2	118,488	475,000	382,922	92,078	—	100%
1-2	48,773	279,003	217,163	61,840	—	80%
1	25,966	51,930	—	51,930	—	50%
1	5,992	50,556	50,556	—	—	100%
1	34,129	160,970	160,970	—	—	51%
1	103,739	331,701	190,722	140,979	—	24%
1	22,364	194,595	—	194,595	—	24%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
26	Shenzhen Nam Tai Inno Valley	East of Nantai Road, Xixiang Street, Bao'an District	Shenzhen	Industrial
27	Shenzhen Kaisa Marine Mangrove Bay	Intersection of Honghua Road and Xiangzhang Road, Futian District	Shenzhen	Residential
28	Shenzhen Kaisa Yuebanshan	Junction of Jiuwei Road and Huangmabu Road, Bao'an District	Shenzhen	Residential
29	Shenzhen Tongda Huixuan ⁽¹⁾	Junction of Jianhui Road and Zhicheng Road, Longhua District	Shenzhen	Commercial & Residential
30	Shenzhen Futian Dongshan Project (P1)	No. 8008 Binhe Avenue, Futian District	Shenzhen	Residential
31	Shenzhen Kaisa Metropolis Plaza ⁽¹⁾	Buji Street, Longgang District	Shenzhen	Commercial & Residential
32	Shenzhen Kaisa Sky-high Summit ⁽²⁾	Guangming Avenue, Guangming District	Shenzhen	Commercial & Residential
33	Shenzhen Luohu Sanshun Project	Dongxiao Street, Luohu District	Shenzhen	Industrial
34	Shenzhen Kaisa Shenwei	North of Shahe Street, intersection of Qiaofa Road and Qiaoshen Road, Nanshan District	Shenzhen	Commercial
35	Shenzhen Nanmendun Project ⁽²⁾	North side of the interchange of Longgang Avenue and Tiedong Road, Buji Street, Longgang District	Shenzhen	Residential
36	Shenzhen Kaisa Sky-high Mansion ⁽²⁾	Bantian Street, Longgang District	Shenzhen	Residential
37	Shenzhen Kaisa Lakeside Residence	Northwest corner of the intersection of South Luyin Road and Dongzong Road, Shijing Street, Pingshan District	Shenzhen	Residential
38	Guangzhou Kaisa Plaza ⁽¹⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
39	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
40	Guangzhou Kaisa Mansion No. 1	No. 505 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
41	Guangzhou Sky Villa	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
42	Guangzhou Sky Mansion	Lot No. 20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
43	Guangzhou Kaisa City Plaza	Lot No. 49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
44	Guangzhou Kaisa Future City	No. 3889 Huangpu Avenue East, Huangpu District	Guangzhou	Commercial
45	Guangzhou Kaisa Center	East of Beihao Yong, Northwest to the Luoxi Bridge, Haizhu District	Guangzhou	Commercial
46	Guangzhou Kaisa Baiyun City Plaza	West of Baiyun New Town, South of Huangshi West Road, and East of Shicha Road, Baiyun District	Guangzhou	Residential
47	Guangzhou Kaisa Yuejiang Mansion	Lingshan Island, MingZhu Bay, Nansha Free Trade Zone	Guangzhou	Residential
48	Guangzhou Jiaze Garden	Huangniukan, Wuyi Village, Licheng Street, Zengcheng District	Guangzhou	Residential
49	Guangzhou Kaisa Yuefeng	Jiuru Village, Ningxi Street, Zengcheng District	Guangzhou	Residential
50	Guangzhou Kaisa Fengming Mountain	East of Huangge West Road, Huangge Town, Nansha District	Guangzhou	Residential & Commercial
51	Guangzhou Xiajing Village Project	West of Guanghe Highway, East of Zhonghua Road, middle of Zhongxin Town, Zengcheng District	Guangzhou	Residential & Commercial

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	22,367	170,200	–	–	170,200	24%
1	9,467	42,600	–	42,600	–	70%
1	35,239	150,820	–	–	150,820	40%
1	9,321	46,176	–	46,176	–	18%
1	7,590	48,875	–	48,875	–	70%
1	6,033	66,600	–	66,600	–	100%
1	28,842	138,820	–	72,560	66,260	50%
–	5,427	33,440	–	–	33,440	51%
–	7,241	56,930	–	–	56,930	26%
–	68,800	214,700	–	–	214,700	100%
–	82,000	286,000	–	–	286,000	100%
1	37,254	168,380	–	–	168,380	13%
1-9	14,192	233,322	233,322	–	–	100%
–	7,707	56,666	56,666	–	–	49%
1	15,178	86,138	–	86,138	–	59%
1-2	65,627	230,577	–	230,577	–	49%
–	19,671	80,854	80,854	–	–	49%
1-4	190,742	776,318	776,318	–	–	95%
1-3	321,261	547,995	547,995	–	–	49%
1-3	78,644	315,343	–	–	315,343	50%
1-4	179,000	507,650	–	–	507,650	55%
1-2	47,626	94,960	–	94,960	–	49%
–	17,746	44,364	–	44,364	–	100%
1-3	113,401	340,204	–	340,204	–	49%
1-2	102,392	327,654	–	327,654	–	39%
1-3	243,200	393,700	–	–	393,700	80%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
52	Guangzhou Kaisa Blissful Bay	South of Yingdong Avenue, West of Gangqian Avenue, Nansha District	Guangzhou	Residential
53	Qingyuan Kaisa City Plaza	South of GuangQing Avenue, Longtang Town, Qingcheng District	Qingyuan	Residential
54	Foshan Shunde Kaisa Golden World	West of Waihuan Road, Ronggui Town, Shunde District	Foshan	Residential
55	Foshan Kaisa Metro City	No.169 Guangfo Road, Huangqi Town, Nanhai District	Foshan	Commercial
56	Foshan Kaisa E Cube	No. 97 Yanbu Huanzhen North Road, Dali Town, Nanhai District	Foshan	Commercial
57	Foshan Kaisa Yuefeng	South of Kuiqi West Road, West of Zhenzhong Road, Shiwan Sub-district, Chancheng District	Foshan	Residential
58	Foshan Kaisa Fantasia Guangya Court	North of Xiaping Road, East of Foshan 1st Ring Road, Guicheng Street, Nanhai District	Foshan	Residential & Commercial
59	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
60	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
61	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
62	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
63	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
64	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
65	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
66	Dongguan Shilong Project ⁽²⁾	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
67	Dongguan Riverside Woods Palace ⁽²⁾	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
68	Dongguan Riverside Hillview Palace ⁽²⁾	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
69	Dongguan Kaisa Glamorous Riverscape Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
70	Dongguan Kaisa Yango Times Horizon	Dingshan Community, Houjie Town	Dongguan	Residential
71	Dongguan Namtai Longxi	Dongtai Village, Machong Town	Dongguan	Residential & Commercial
72	Dongguan Kaisa Enchanting Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
73	Dongguan Kaisa Glossy Riverscape Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
74	Dongguan Kaisa Shimao Glamorous Era	North of Longyan School, Humen Town	Dongguan	Residential
75	Dongguan Kaisa Prosperous Villa	Zhongtang Town, Douchi Island	Dongguan	Residential & Commercial

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-3	30,623	101,056	–	–	101,056	60%
1-5	343,749	1,183,327	–	308,365	874,962	100%
1-9	197,584	645,921	645,921	–	–	49%
1	14,406	101,398	–	101,398	–	49%
1	15,271	61,082	–	61,082	–	30%
1	31,017	94,960	–	94,960	–	100%
1	62,406	136,816	–	136,816	–	51%
–	82,742	377,481	377,481	–	–	100%
1	86,324	243,296	243,296	–	–	100%
1	70,734	200,386	200,386	–	–	80%
1-2	46,474	155,432	155,432	–	–	100%
1-4	239,050	717,084	360,281	356,803	–	100%
1-4	65,021	150,772	150,772	–	–	100%
1-2	33,910	109,180	109,180	–	–	100%
–	5,567	10,131	–	–	10,131	100%
–	62,802	155,693	–	–	155,693	85%
–	64,743	202,294	–	–	202,294	90%
1	38,096	95,239	–	95,239	–	51%
1-5	69,524	208,571	–	208,571	–	34%
–	33,763	114,520	–	114,520	–	24%
1	22,451	67,352	–	67,352	–	49%
1	27,600	80,026	–	80,026	–	51%
1	60,512	151,280	–	151,280	–	51%
1	41,837	115,088	–	115,088	–	49%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
76	Huizhou Kaisa Mansion No. 1	Gutang'ao, Miaozaikeng	Huizhou	Residential
77	Huizhou Kaisa Center	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
78	Huizhou Yuanzhou Project ⁽²⁾⁽³⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
79	Huizhou Kaisa Riverbank New Town	Jiangnan Section, Cui Mei countryside Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
80	Huizhou Kaisa Mountain Bay	Huangbujiao, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
81	Huizhou Kaisa Times Mocha Town	Junction of Zhongkai Avenue and Jinbang Road, Huicheng District	Huizhou	Residential
82	Huizhou Kaisa Dong River Garden	Jiangnanxincheng, Luoyang Town, Boluo County	Huizhou	Residential
83	Huizhou Longmen Longquan Dajing	Laiwu Village, Longtian Town, Longmen County	Huizhou	Residential
84	Huizhou Kaisa Monarch Residence	Junction of Huifeng West Second Road and Hechang West Fifth Road, Huicheng District	Huizhou	Residential
85	Huizhou Kaisa Jade Garden	Longsu Road, Center of Longxi Town, Boluo County	Huizhou	Residential
86	Huizhou Kaisa Yunzhu	Shangpu Road, Longxi Street, Boluo County	Huizhou	Residential
87	Huizhou Kaisa Yunfeng	Junction of Dongxiang South Road and Xinglian West Road	Huizhou	Residential
88	Huizhou Kaisa Shiguangdao	Center of Ma'an Town, Huicheng District	Huizhou	Residential & Commercial
89	Huizhou Huidong Project	Renshan Town, Huidong County	Huizhou	Residential & Commercial
90	Huizhou Kaisa City Plaza Project	Pingnan Area, Huihuan Street, Zhongkai High-tech Zone, Huizhou	Huizhou	Residential & Commercial
91	Huizhou Kaisa Yuebanwan	South bank of Lujiangli, Huicheng District	Huizhou	Residential & Commercial
92	Zhuhai Lake View Waldorf Garden ⁽²⁾	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
93	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir and Jintai Temple, Doumen Town, Doumen District	Zhuhai	Residential
94	Zhuhai Kaisa Monarch Residence	North of Zhufeng Avenue, Qianwu Town, Doumen District	Zhuhai	Residential
95	Zhuhai Kaisa Yuefeng Garden	East of Xiewei village and South of Golden Coast Road, Golden Coast, Sanzao Town, Jinwan District	Zhuhai	Residential
96	Zhuhai Kaisa Golden Metro Garden	Southeast of Nanda West Road, Northeast of Gangtong Second Road, Nanshui Town, Gaolangang	Zhuhai	Residential
97	Zhongshan Kaisa Xiangshan Royal Palace	No. 3 Jinzhong Road, Jinzhong Village, Banfu Town	Zhongshan	Residential

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-10	89,998	260,577	260,577	–	–	55%
1-3	70,859	722,945	722,945	–	–	55%
–	20,400	61,200	–	–	61,200	100%
1-13	1,663,969	4,326,239	3,827,870	467,744	30,625	55%
1-3	169,331	361,653	–	361,653	–	55%
1-6	281,066	641,781	195,313	433,900	12,568	51%
1-4	176,724	441,810	–	196,332	245,478	55%
1-4	386,891	630,000	–	285,982	344,018	70%
1	22,201	71,043	–	71,043	–	55%
1	17,392	78,264	–	78,264	–	55%
1	48,179	168,627	–	168,627	–	18%
1	27,820	130,918	–	130,918	–	28%
1-4	110,871	343,700	–	343,700	–	55%
–	72,710	218,219	–	–	218,219	50%
–	207,700	608,400	–	–	608,400	60%
1-6	165,999	530,995	–	–	530,995	55%
1-4	164,354	550,431	147,814	96,312	306,305	100%
1-4	192,710	316,037	316,037	–	–	100%
–	16,088	28,958	28,958	–	–	100%
1	21,970	73,816	–	73,816	–	100%
1	74,729	129,260	–	129,260	–	51%
1	21,061	69,794	69,794	–	–	100%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
98	Zhongshan Kaisa Shangpin Garden	No. 1 Nanhu Road, Nanlang Town	Zhongshan	Residential
99	Zhongshan Kaisa Metro City	Junction of Xingbao Road and Yunsheng Road, Shaxi Town	Zhongshan	Residential
100	Zhongshan Kaisa Fortune Garden	No. 68 Guangfu Avenue, Dongsheng Town	Zhongshan	Residential
101	Zhongshan Kaisa Yuebanshan	In close vicinity to Changjiang Water Plant, Eastern Area	Zhongshan	Residential
102	Yangjiang Kaisa Riverside No. 1	Longtang Road, Yangdong District	Yangjiang	Residential
103	Jieyang Kaisa City Plaza	Binhai New District, Yuedong New City, Huilai County, Jieyang	Jieyang	Residential & Commercial
104	Jieyang Kaisa Future City	Southwest of Xingyuan Road and Feifeng Road, Jiedong District	Jieyang	Residential & Commercial
105	Jiangmen Kaisa Yuefeng Mansion	North of Mingde 1st Road, East of Wenhua Road, Xinhui District	Jiangmen	Residential
106	Hong Kong Sai Wan Project	No. 1 Eastern Street, Sai Wan	Hong Kong	Residential
107	Hong Kong Tuen Mun Project	Castle Peak Road-Castle Peak Bay, Area 48, Tuen Mun, New Territories, Hong Kong	Hong Kong	Residential
108	Hong Kong The Concerto	No. 203 Yee Kuk Street, Sham Shui Po, Kowloon, Hong Kong	Hong Kong	Residential
109	Hong Kong Kai Tak Project	Inland Lot No. 6591, New Kowloon	Hong Kong	Residential
110	Sanya Kaisa Begonia Seasons	Nantian Hot Spring Resort Area, North of Haitang District	Sanya	Commercial & Service
111	Sanya Kaisa Begonia Mountain	Dongfeng Branch, Nantian Farm, Haitang Bay Town	Sanya	Residential
The Western China Region				
112	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
113	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Sub-district, Wenjiang District	Chengdu	Residential
114	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
115	Chengdu Kaisa Mansion No. 8	South Sanzhiqiu Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
116	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Sub-district Office, Qingyang District	Chengdu	Residential
117	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Sub-district Office, Wenjiang District	Chengdu	Residential
118	Chengdu Kaisa Yuefu	Junction of Fengxiang Avenue and Fenghuang Avenue, Qingbaijiang District	Chengdu	Residential
119	Chengdu Kaisa Imperial Jade	No. 977, South of Fengxi Avenue, Wenjiang District	Chengdu	Residential
120	Chengdu Kaisa Tianyue Mansion	No. 64 Jinxing Road, Jinjiang District	Chengdu	Commercial & Residential
121	Chengdu Kaisa Lushan No. 1	North of Shenyang Road, South of Lushan Avenue, Tianfu New District	Chengdu	Residential & Commercial
122	Pengzhou Kaisa Golden Metro	West of Chengde Avenue (Beixin Avenue), Mengyang Town	Pengzhou	Residential
123	Nanchong Kaisa Plaza	No. 39 Zhengyang East Road, Shunqing District	Nanchong	Residential
124	Nanchong Monarch Residence	No. 308 Baituba Road, Shunqing District	Nanchong	Residential
125	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
126	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential
127	Chongqing Kaisa Fengming Riverside	Ertang Village, Jingkou Street, Jingkou Town, Shapingba District	Chongqing	Residential

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	22,307	82,397	82,397	—	—	72%
1-2	61,873	211,608	211,608	—	—	80%
1-2	51,340	128,347	—	128,347	—	51%
1	33,333	83,333	—	83,333	—	100%
1-2	78,452	159,025	—	159,025	—	49%
1-2	159,004	461,727	—	461,727	—	60%
1-3	147,300	314,007	—	314,007	—	100%
1	45,937	114,843	—	—	114,843	49%
1	365	3,258	—	3,258	—	100%
1-2	13,538	54,152	—	—	54,152	100%
1	381	3,299	—	3,299	—	75%
1-2	9,708	53,394	—	53,394	—	50%
1	42,585	42,585	—	42,585	—	60%
1	36,943	44,332	—	44,332	—	44%
1-3	182,666	1,041,531	1,041,531	—	—	100%
1	150,071	761,542	761,542	—	—	100%
1-2	133,269	362,420	362,420	—	—	100%
1-5	120,570	610,744	478,625	132,119	—	100%
1-4	112,194	460,901	460,901	—	—	100%
1-2	57,836	342,533	342,533	—	—	100%
1-2	113,411	447,537	—	447,537	—	100%
1	34,088	68,175	—	68,175	—	51%
1	3,286	26,290	—	26,290	—	100%
1	45,635	91,200	—	91,200	—	100%
1-4	104,964	278,191	66,947	211,244	—	100%
1-2	29,541	116,634	116,634	—	—	100%
1-3	256,187	813,746	813,746	—	—	100%
1-3	119,767	481,362	481,362	—	—	100%
1-10	324,327	989,399	695,766	293,633	—	100%
1	56,778	141,945	—	141,945	—	50%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
128	Chongqing Kaisa Zhuanshan Fortune Garden	North end of Changjiang River Bridge, Jiangjin District	Chongqing	Residential
129	Chongqing Riverside Seasons	East of Ganghua Middle Road, Dadukou District	Chongqing	Residential
130	Chongqing Kaisa Yuebanshan	Biquan Street, Bishan High-tech District	Chongqing	Residential
131	Chongqing Kaisa Skyline Residence	Xiyong, Shapingba District	Chongqing	Residential
132	Kunming Kaisa Dianchi Mansion	Intersection of Feihu Road and Haiyan Road, Chenggong District	Kunming	Residential
133	Guiyang Kaisa Yuebanshan	Near Jianshan Temple, Jinqing Avenue, Qingzhen City	Guiyang	Residential & Commercial
The Pan-Bohai Bay Rim				
134	Beijing Kaisa Fantasia Pinnacle Mansion	Intersection of Chengzi Street and Heishan Street, Mentougou District	Beijing	Residential
135	Bazhou Kaisa Peacock City Yuefeng	West of Rose Garden Hot Spring Resort, Development District	Bazhou	Residential
136	Gu'an Kaisa Fengyuan Tianci Project	Near the Niutuo Hot Spring Peacock City, Niutuo Town	Gu'an	Residential
137	Qingdao Kaisa Lake View Place	East of Zhongjing Second Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
138	Qingdao Kaisa Yuefeng	No. 777 Huicheng Road, Chengyang District, Qingdao	Qingdao	Residential
139	Shenyang Kaisa Center	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
140	Shenyang Kaisa Yuefeng	Changbai South Road, Heping District	Shenyang	Residential
141	Shenyang Kaisa Xuefu Mansion No. 1	East of Xuzhou Street and North of Zhonghua Road, Heping District	Shenyang	Residential
142	Anshan Kaisa Monarch Residence	South of Ziyu Dong Road, East of Anqian Road, Lishan District	Anshan	Residential
143	Anshan Kaisa Plaza ⁽¹⁾	Renmin Road, Tiexi District	Anshan	Commercial
144	Benxi Kaisa Lake View Place	Binhe North Road, Mingshan District	Benxi	Residential
145	Huludao Suizhong Kaisa Dongdaihe ⁽²⁾	South of Binhai Road, Dongdaihe New District, Suizhong County	Huludao	Residential
146	Dandong Kaisa Mansion No. 1	South of Huanghai Avenue, Zhenxing District	Dandong	Residential
147	Dalian Kaisa Center	No. 24 Zhujin Street, Donggang Business District, Zhongshan District	Dalian	Commercial
148	Dalian Kaisa Plaza	No. 271 Tianjin Street, Zhongshan District	Dalian	Commercial
149	Dalian Kaisa Mansion No. 1	Junction of Zhonggang North Road and Hugang Road, Dalian Free Trade Zone	Dalian	Commercial & Residential
150	Dalian Kaisa Yuejing	East of Shengli Road, Jinpu New District	Dalian	Residential
The Central China Region				
151	Changsha Kaisa Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
152	Changsha Kaisa Times Square	Yingpan East Road, Furong District	Changsha	Residential
153	Changsha Kaisa Plaza	Wuyi Road, Furong District	Changsha	Commercial

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-3	77,543	225,097	—	225,097	—	50%
1	41,724	104,311	—	104,311	—	50%
1-2	126,443	252,887	—	252,887	—	100%
1	116,773	175,160	—	175,160	—	52%
1	33,728	73,430	—	73,430	—	49%
1-3	182,977	548,930	—	187,402	361,528	91%
1	20,039	40,077	—	—	40,077	60%
1	36,576	54,859	—	54,859	—	51%
1	32,484	48,726	48,726	—	—	49%
1-3	229,865	381,418	381,418	—	—	100%
1	61,492	110,685	—	110,685	—	51%
1	21,423	292,331	292,331	—	—	100%
1-2	12,947	38,844	38,844	—	—	100%
1	12,874	102,989	—	—	102,989	51%
1-4	129,242	240,688	89,840	67,300	83,548	100%
1-2	11,238	85,148	85,148	—	—	50%
1	122,200	324,480	324,480	—	—	100%
1-13	1,647,042	2,976,942	1,083,021	801,160	1,092,761	100%
1-4	133,340	331,542	331,542	—	—	100%
1-2	26,610	156,239	118,589	37,650	—	100%
—	15,955	78,454	78,454	—	—	100%
1	41,150	104,392	104,392	—	—	100%
1	24,334	85,169	—	85,169	—	100%
1-4	673,536	938,203	938,203	—	—	100%
—	21,770	108,731	108,731	—	—	50%
1	14,324	221,603	221,603	—	—	50%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
154	Changsha Kaisa Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
155	Changsha Kaisa City Plaza	Northeast of Xiangzhang Road and Yuhua Avenue Intersection, Yuhua District	Changsha	Residential & Commercial
156	Changsha Kaisa Crown Residence	Junction of Huahou Road and Xiangzhang Road, Gaotie New Town, Yuhua District	Changsha	Commercial
157	Changsha Kaisa Sunshine Residence	Southeast Corner of Wanjiaili Road and Xiangfu Road, Yuhua District	Changsha	Residential
158	Changsha Kaisa Bright Harbour Seasons	Southwest of intersection of Shuangyang Road and Huangyuan Road, Furong District	Changsha	Commercial
159	Zhuzhou Kaisa Golden World	Liyu Central Business District, Tianyuan District	Zhuzhou	Residential
160	Hengyang Kaisa Yuefeng	North of Chuanshan West Road, South of Lixin Avenue, West of Cailun Avenue	Hengyang	Residential
161	Wuhan Kaisa Golden World	Junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District	Wuhan	Residential
162	Wuhan Kaisa Mansion No. 1	North of Zhiyin Avenue, West of Yangcheng West Road, Hanyang District	Wuhan	Residential
163	Wuhan Kaisa Plaza	No. 336 Wuluo Road, Wuchang District	Wuhan	Residential
164	Wuhan Kaisa Yuefu	North of Jinbei No. 1 Road and East of Wuxingxian, Jinghe Street, Dongxi Lake District	Wuhan	Residential
165	Wuhan Kaisa Bright Harbour	South of Shefa Shan Road, East of the 2nd Chuanjiangchi Road, Economic and Technology Development Area	Wuhan	Residential
166	Wuhan Kaisa Waterfront Jade Garden	East of Jintai Road, West of Fenghua Road and North of Guanhu Road, Xinzhou District	Wuhan	Residential
167	Wuhan Kaisa Jade Crest	South of Shendun San Road, East Lake New Technology Development Zone	Wuhan	Residential
168	Ezhou Zhongliang Kaisa The One Mansion	West of Yingbin Avenue, Echeng District	Ezhou	Residential
169	Xiaogan Kaisa Airport Science and Technology City	Airport Economic Development Zone	Xiaogan	Industrial
170	Xiaogan Kaisa Jade Dragon Court	Airport Economic Development Zone	Xiaogan	Residential
171	Xinzheng Kaisa Yuefeng	South of Zhongxing Road, West of Wenhua Road	Xinzheng	Residential
172	Xinxiang Kaisa Yuefeng	West of Hongyuan Street, North of Guihua Road, Hongqi District	Xinxiang	Residential
173	Luoyang HYC Kaisa Lake View Place	Junction of Simaguang Road and Liujiangxiang, Luolong District	Luoyang	Residential
174	Luoyang Kaisa Lake View Waldorf	Intersection of Yibin Road and Fumin Lane, Yibin District	Luoyang	Residential
175	Luoyang HYC Kaisa Luoyang Center	Intersection of Guanlin Road and Longmen Avenue, Luolong District	Luoyang	Residential & Commercial
The Yangtze River Delta				
176	Shanghai Shanhuwan Garden	No. 4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
177	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-6	253,693	892,604	892,604	–	–	100%
1-4	126,529	465,820	–	67,493	398,327	49%
1-2	20,108	171,932	–	114,626	57,306	30%
1	23,136	69,408	–	69,408	–	30%
1	34,300	89,045	–	89,045	–	65%
1-3	222,182	597,728	597,728	–	–	100%
1	50,054	160,648	–	160,648	–	51%
1-3	181,493	605,941	605,941	–	–	50%
–	40,351	156,763	156,763	–	–	100%
1	26,861	142,355	142,355	–	–	100%
1-2	128,539	352,480	–	352,480	–	50%
1	56,901	142,252	–	142,252	–	50%
1-2	129,191	258,382	–	258,382	–	30%
1	45,753	168,696	–	–	168,696	34%
1	103,176	281,669	–	281,669	–	35%
1-3	218,814	264,026	31,722	120,328	111,977	70%
1-2	141,448	151,349	–	75,307	76,043	50%
1-2	69,499	156,620	91,102	65,518	–	100%
1	23,165	85,686	–	85,686	–	51%
1-5	210,884	587,534	–	432,368	155,166	16%
1	95,613	239,034	–	–	239,034	32%
1-3	238,037	873,288	–	–	873,288	49%
1-4	104,796	140,151	140,151	–	–	100%
–	23,307	84,448	84,448	–	–	50%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
178	Shanghai Kaisa Mansion No.8	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
179	Shanghai Kaisa City Plaza	Junction of Shengzhu East Road and Chengliu Road, Xuhang Town, Jiading District	Shanghai	Residential
180	Shanghai Kaisa Mansion	Junction of Minsheng Road and Middle Yanggao Road, Pudong District	Shanghai	Commercial
181	Shanghai Kaisa Monarch Residence	Junction of Songjian Road and Fumao Road, Chonggu Town, Qingpu District	Shanghai	Residential
182	Shanghai Kaisa City Garden	East of Qiyuan Road, West of Xiaoxin River, South of Shupindong Road and North of Xinjian No. 1 Road, Xuhang Town, Jiading District	Shanghai	Residential
183	Shanghai Shangpin Jiayuan	East of Xiaoxin River, West of Base Boundary, South of Gengpu River and North of Xinjian No. 1 Road, Xuhang Town, Jiading District	Shanghai	Residential
184	Shanghai Kaisa City Plaza (Phase 4-7)	Xuhang Town, Jiading District	Shanghai	Residential
185	Shanghai Kaisa Future City	North of Yinggang East Road, Xiayang Street, Qingpu District	Shanghai	Residential
186	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang National Holiday Resort, West Lake District	Hangzhou	Residential
187	Hangzhou Kaisa Monarch Residence	North of Shitang Road and West of Donghu Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
188	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
189	Hangzhou Fuyang Yinhu Project	Dashanjiao Village, Yinhu Street, Fuyang District	Hangzhou	Residential
190	Hangzhou Kaisa Yunfeng	Xianlin Street, Yuhang District	Hangzhou	Residential
191	Hangzhou Kaisa Dexin Cloud Heigh Jade Garden	Northeast of Dongqiao Road and No. 7 Road, Fuyang District	Hangzhou	Residential
192	Hangzhou Kaisa Aurora	Pengbu Street, Jianggan District	Hangzhou	Residential
193	Shaoxing Kaisa Guoyue Mansion	Lanting Street, Keqiao District	Shaoxing	Residential
194	Shaoxing Kaisa Monarch Residence	Fuquan Street, Keqiao District	Shaoxing	Residential
195	Ningbo Kaisa Dongchenyipin	Junction of Century Avenue and Min'an Road, Yinzhou District	Ningbo	Commercial
196	Ningbo Kaisa Emerald Residence	Dongjiao Street, Yinzhou District,	Ningbo	Residential
197	Jiaxing Xitang Project	East of Hongfu Road and South of Nanyuan Road, Xitang Town	Jiaxing	Residential
198	Suzhou Kaisa Plaza	West of Tayuan Road and South of Zhuyuan Road, Shishan Street, High-tech District	Suzhou	Residential
199	Suzhou Kaisa Monarch Residence	South of Xingye Road and East of Sudai Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
200	Suzhou Kaisa Guoyue Mansion	West of Xinhua Road, South of Xiangyanghe Road, Mushu Town, Wuzhong District	Suzhou	Residential
201	Zhangjiagang Kaisa Fengming Riverside	Southwest Corner of the Junction of Yingshan Road and Jingu Road, Phoenix Town	Zhangjiagang	Residential
202	Nanjing Kaisa City Plaza	Junction of Nanjing Foreign Language School and Taiqing Road, South of Hexi Area, Jianye District	Nanjing	Residential
203	Nanjing Kaisa Eminent Residence	No. 560 Heyan Road, Qixia District	Nanjing	Residential

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-2	143,053	240,499	116,474	124,025	—	100%
1-3	117,256	331,724	331,724	—	—	100%
1	11,088	77,811	77,811	—	—	100%
1-2	90,642	212,240	212,240	—	—	100%
1	23,638	55,429	—	55,429	—	41%
1	44,590	80,262	—	80,262	—	41%
1-4	126,923	213,515	—	213,515	—	90%
1	27,819	61,202	—	—	61,202	47%
—	39,376	98,041	98,041	—	—	100%
—	36,595	100,849	100,849	—	—	100%
1	74,779	207,476	207,476	—	—	100%
1	26,000	23,326	—	—	23,326	100%
1	19,175	38,350	—	38,350	—	50%
1	49,166	108,165	—	108,165	—	51%
1	36,748	88,195	—	—	88,195	52%
1	61,233	46,660	—	46,660	—	36%
1	19,852	72,448	72,448	—	—	70%
1	15,086	56,285	56,285	—	—	30%
1	26,647	66,325	—	—	66,325	51%
1	38,881	64,857	64,857	—	—	51%
1-2	33,234	123,216	123,216	—	—	100%
1-2	59,629	197,069	197,069	—	—	100%
1	32,006	48,008	—	48,008	—	100%
1	31,666	37,999	37,999	—	—	100%
1-3	109,832	411,636	411,636	—	—	100%
1	27,376	89,476	89,476	—	—	50%

PROJECT PORTFOLIO — SUMMARY

No.	Project	Address	Location	Type
204	Nanjing Kaisa Yuefeng	East of Vanke City, Lishui District	Nanjing	Residential
205	Nanjing Kaisa Redsun Lakeside Mansion	18 Huqin Road, Lukou Avenue, Jiangning District	Nanjing	Residential
206	Nanjing Kaisa Riverview Mansion	Intersection of Fangjiaying Road and Chenghe North Road, Gulou District	Nanjing	Residential
207	Wuxi Kaisa Xiangrui Luna Residence	North of Yuexi Road, Ehu Town, Xishan District	Wuxi	Residential
208	Xuzhou Thriving Spring Villa	West of Guangshan Park, East of Sanhuan East Road, Yunlong District	Xuzhou	Residential
209	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road, and North of Renmin East Road	Jiangyin	Residential
210	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
211	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
212	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road and South of Dongshun Road, Changjing Town	Jiangyin	Residential
213	Jiangyin Tonghui Garden	North of Tonghui Road, West of Tongjiang Road, and South of Tongfu Road	Jiangyin	Residential
214	Jiangyin Fuqiao Homeland	North of Chengxi Road, West of Tongdu Road, and South of Binjiang Road	Jiangyin	Residential
215	Taizhou Kaisa Mansion No. 1	North of Chenzhuang Road and West of No. 11 Road, Taizhou Economic Development Area	Taizhou	Residential
216	Hefei HC Kasia Future City	Southwest of junction of Jianghuai Avenue and Zhenzhu Road, Shangpai Town, Feixi	Hefei	Residential
217	Hefei Kaisa Lakeside Residence	Intersection of Yungu Road and Guizhou Road, Binhu District	Hefei	Residential
Total				

Notes:

- 1 The projects are renovation developments of once distressed assets and partially completed properties.
- 2 Including
 - (i) Dongguan Shilong project;
 - (ii) Dongguan Riverside Woods Palace;
 - (iii) Dongguan Riverside Hillview Palace;
 - (iv) Huizhou Yuanzhou Project;
 - (v) A portion of land for Zhuhai Lake View Waldorf Garden;
 - (vi) Shenzhen Nanmendun Project;
 - (vii) Shenzhen Kaisa Sky-high Mansion;
 - (viii) Guangzhou Xiajing Village Project for which as at 31 December 2020, the Group has not obtained the land use right certificate, but has entered into land grant contracts or obtained confirmation from the relevant land and resources bureau.
- 3 The projects are based on our internal plans, but subject to the governmental approval.
- 4 As at 31 December 2020, the GFA of total completed properties for sale reached 1,741,769 sq. m..
- 5 Two projects in Hainan included.

PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	65,698	144,535	–	144,535	–	51%
1	73,686	103,160	–	103,160	–	51%
1-2	40,522	89,183	–	89,183	–	49%
1	48,697	77,915	–	–	77,915	49%
1	132,397	172,115	–	172,115	–	50%
1-3	225,533	272,274	272,274	–	–	49%
1-4	76,465	132,849	132,849	–	–	100%
1-2	103,589	182,656	112,889	69,767	–	100%
1-2	93,275	149,763	149,763	–	–	100%
–	41,440	73,615	73,615	–	–	100%
–	35,801	134,535	134,535	–	–	100%
1-7	192,505	322,836	75,193	247,643	–	51%
1-2	111,503	200,705	–	200,705	–	49%
1	37,485	73,204	–	–	73,204	100%
	21,637,245	58,660,487	31,655,534	16,437,194	10,567,759	

PROJECT PORTFOLIO — SUMMARY

PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 31 December 2020. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Saleable GFA (sq. m.)
Shenzhen Kaisa Financial Technology Center	Shenzhen	1	142,000	129,640
Shenzhen Kaisa City Plaza	Shenzhen	3(6)	259,583	154,608
Shenzhen Yantian Kaisa City Plaza	Shenzhen	2-3	93,228	93,228
Shenzhen Kaisa Golden Bay International Park	Shenzhen	1-2	333,910	146,160
Shenzhen Pinghu Kaisa Plaza	Shenzhen	3	92,078	92,078
Shenzhen Kaisa Future City	Shenzhen	2	61,840	61,840
Shenzhen Nan'ao Project	Shenzhen	1	51,930	51,810
Shenzhen Nam Tai Inno Park	Shenzhen	1	140,979	265,000
Shenzhen Nam Tai Technology Center	Shenzhen	1	194,595	125,572
Shenzhen Kaisa Marine Mangrove Bay	Shenzhen	1	42,600	36,233
Shenzhen Tongda Huixuan	Shenzhen	1	46,176	32,775
Shenzhen Futian Dongshan Project (P1)	Shenzhen	1	48,875	22,998
Shenzhen Kaisa Metropolis Plaza	Shenzhen	1	66,600	63,905
Shenzhen Kaisa Sky-high Summit	Shenzhen	1	72,560	69,010
Guangzhou Kaisa Mansion No. 1	Guangzhou	1	86,138	71,183
Guangzhou Sky Villa	Guangzhou	1-2	230,577	68,948
Guangzhou Kaisa Yuejiang Mansion	Guangzhou	1-2	94,960	70,342
Guangzhou Jiaze Garden	Guangzhou	—	44,364	43,064
Guangzhou Kaisa Yuefeng	Guangzhou	1-3	340,204	318,484
Guangzhou Kaisa Fengming Mountain	Guangzhou	1-2	327,654	318,105
Qingyuan Kaisa City Plaza	Qingyuan	1	308,365	307,445
Foshan Kaisa Metro City	Foshan	1	101,398	98,467
Foshan Kaisa E Cube	Foshan	1	61,082	60,593
Foshan Kaisa Yuefeng	Foshan	1	94,960	89,232
Foshan Kaisa Fantasia Guangya Court	Foshan	1	136,816	136,816
Dongguan Le Grand Bleu	Dongguan	3-4	356,803	274,447
Dongguan Kaisa Glamorous Riverscape Garden	Dongguan	1	95,239	92,985
Dongguan Kaisa Enchanting Garden	Dongguan	1	208,571	192,854
Dongguan Namtai Longxi	Dongguan	—	114,520	64,408
Dongguan Kaisa Enchanting Garden	Dongguan	1	67,352	67,291
Dongguan Kaisa Glossy Riverscape Garden	Dongguan	1	80,026	77,492
Dongguan Kaisa Shimao Glamorous Era	Dongguan	1	151,280	129,394
Dongguan Kaisa Prosperous Villa	Dongguan	1	115,088	114,295
Huizhou Kaisa Riverbank New Town	Huizhou	1,11,12	467,744	440,356
Huizhou Kaisa Mountain Bay	Huizhou	1-3	361,653	277,746
Huizhou Kaisa Times Mocha Town	Huizhou	1-5	433,900	427,555
Huizhou Kaisa Dong River Garden	Huizhou	1-2	196,332	188,898

PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Apr-2018	Not yet obtained	2021 3Q	100%
Dec-2017	Not yet obtained	2021 3Q	100%
Aug-2018	Yes	2022 2Q	100%
Oct-2018	Not yet obtained	2023 3Q	51%
Jul-2019	Yes	2021 3Q	100%
Nov-2019	Yes	2022 1Q	80%
Sep-2020	Not yet obtained	2023 4Q	50%
May-2017	Not yet obtained	2020 4Q	24%
Jul-2019	Not yet obtained	2022 1Q	24%
Apr-2020	Not yet obtained	2021 4Q	70%
Oct-2019	Yes	2022 2Q	18%
Jun-2020	Not yet obtained	2023 2Q	70%
May-2020	Not yet obtained	2022 4Q	100%
Sep-2020	Yes	2022 4Q	50%
Apr-2016	Yes	2021 4Q	59%
Apr-2017	Yes	2021 4Q	49%
Jan-2020	Yes	2021 3Q	49%
May-2020	Not yet obtained	2022 3Q	100%
Oct-2020	Not yet obtained	2022 2Q	49%
Sep-2020	Yes	2022 2Q	39%
Jun-2019	Yes	2022 3Q	100%
Oct-2019	Not yet obtained	2021 4Q	49%
May-2019	Yes	2021 3Q	30%
Dec-2019	Yes	2022 1Q	100%
Oct-2020	Not yet obtained	2022 1Q	51%
Jul-2018	Not yet obtained	2021 2Q	100%
Oct-2019	Yes	2021 4Q	51%
Aug-2020	Yes	2023 2Q	34%
Jul-2020	Not yet obtained	2022 4Q	24%
Sep-2019	Yes	2021 4Q	49%
Dec-2020	Yes	2022 4Q	51%
Oct-2020	Yes	2023 1Q	51%
Dec-2020	Not yet obtained	2022 4Q	49%
Jan-2019	Yes	2021 2Q	55%
Jan-2019	Yes	2021 4Q	55%
Mar-2019	Yes	2021 1Q	51%
Mar-2019	Yes	2021 4Q	55%

PROJECT PORTFOLIO — SUMMARY

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Saleable GFA (sq. m.)
Huizhou Longmen Longquan Dajing	Huizhou	1-2	285,982	225,251
Huizhou Kaisa Monarch Residence	Huizhou	1	71,043	70,673
Huizhou Kaisa Jade Garden	Huizhou	1	78,264	77,164
Huizhou Kaisa Yunzhu	Huizhou	1	168,627	166,804
Huizhou Kaisa Yunfeng	Huizhou	1	130,918	66,768
Huizhou Kaisa Shiguangdao	Huizhou	1-4	343,700	337,767
Zhuhai Lake View Waldorf Garden	Zhuhai	2	96,312	35,563
Zhuhai Kaisa Yuefeng Garden	Zhuhai	1	73,816	73,079
Zhuhai Kaisa Golden Metro Garden	Zhuhai	1	129,260	114,729
Zhongshan Kaisa Fortune Garden	Zhongshan	1	128,347	59,682
Zhongshan Kaisa Yuebanshan	Zhongshan	1	83,333	76,788
Yangjiang Kaisa Riverside No. 1	Yangjiang	1	159,025	97,117
Jieyang Kaisa City Plaza	Jieyang	1	461,727	145,228
Jieyang Kaisa Future City	Jieyang	1	314,007	103,002
Hong Kong Sai Wan Project	Hong Kong	1	3,258	N.A.
Hong Kong The Concerto	Hong Kong	1	3,299	N.A.
Hong Kong Kai Tak Project	Hong Kong	1-2	53,394	N.A.
Chengdu Kaisa Mansion No. 8	Chengdu	5	132,119	93,314
Chengdu Kaisa Yuefu	Chengdu	1-2	447,537	339,688
Chengdu Kaisa Imperial Jade	Chengdu	1	68,175	66,831
Chengdu Kaisa Tianyue Mansion	Chengdu	1	26,290	19,711
Chengdu Kaisa Lushan No. 1	Chengdu	1	91,200	69,868
Pengzhou Kaisa Golden Metro	Pengzhou	1,3,4	211,244	209,133
Chongqing Kaisa Bright Harbour	Chongqing	8,10	293,633	105,288
Chongqing Kaisa Fengming Riverside	Chongqing	1	141,945	140,736
Chongqing Kaisa Zhuanshan Fortune Garden	Chongqing	1-3	225,097	87,541
Chongqing Riverside Seasons	Chongqing	1	104,311	57,502
Chongqing Kaisa Yuebanshan	Chongqing	1	252,887	48,893
Chongqing Kaisa Skyline Residence	Chongqing	1	175,160	166,575
Kunming Kaisa Dianchi Mansion	Kunming	1	73,430	53,964
Guiyang Kaisa Yuebanshan	Guiyang	1	187,402	179,410
Bazhou Kaisa Peacock City Yuefeng	Bazhou	1	54,859	52,261
Qingdao Kaisa Yuefeng	Qingdao	1	110,685	106,662
Anshan Kaisa Monarch Residence	Anshan	4	67,300	67,300
Huludao Suizhong Kaisa Dongdaihe	Huludao	1-4,6	801,160	498,336
Dalian Kaisa Center	Dalian	2	37,650	37,650
Dalian Kaisa Yuejing	Dalian	1	85,169	77,178
Changsha Kaisa City Plaza	Changsha	1	67,493	66,234
Changsha Kaisa Crown Residence	Changsha	1	114,626	113,721
Changsha Kaisa Sunshine Residence	Changsha	1	69,408	68,113

PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Jun-2019	Yes	2022 4Q	70%
May-2019	Yes	2021 1Q	55%
Dec-2019	Yes	2021 2Q	55%
Apr-2020	Yes	2022 2Q	18%
Feb-2020	Not yet obtained	2021 2Q	28%
Sep-2020	Yes	2023 2Q	55%
Feb-2018	Yes	2021 1Q	100%
Dec-2019	Yes	2021 2Q	100%
Dec-2019	Yes	2022 3Q	51%
Mar-2020	Not yet obtained	2022 1Q	51%
Oct-2020	Not yet obtained	2022 4Q	100%
Jan-2019	Yes	2022 4Q	49%
Dec-2020	Not yet obtained	2023 1Q	60%
Dec-2020	Not yet obtained	2022 4Q	100%
July-2020	Not yet obtained	2023 3Q	100%
Nov-2018	Yes	2021 4Q	75%
Oct-2020	Not yet obtained	2024 3Q	50%
Jan-2018	Yes	2021 1Q	100%
Feb-2018	Yes	2021 1Q	100%
Feb-2019	Yes	2021 2Q	51%
Feb-2018	Yes	2021 3Q	100%
Aug-2020	Yes	2023 2Q	100%
Dec-2018	Yes	2021 2Q	100%
Jan-2019	Yes	2021 2Q	100%
Jun-2020	Yes	2023 4Q	50%
Apr-2019	Yes	2021 3Q	50%
Jan-2020	Yes	2023 1Q	50%
Aug-2019	Yes	2022 2Q	100%
Dec-2020	Not yet obtained	2022 4Q	52%
Nov-2020	Yes	2021 2Q	49%
Nov-2020	Yes	2022 2Q	91%
Mar-2019	Yes	2021 3Q	51%
Nov-2019	Yes	2022 3Q	51%
Sep-2019	Yes	2021 3Q	100%
Nov-2017	Yes	2021 2Q	100%
Oct-2018	Not yet obtained	2022 3Q	100%
Jun-2019	Yes	2022 2Q	100%
Nov-2020	Yes	2022 4Q	49%
Sep-2019	Yes	2021 3Q	30%
Apr-2020	Yes	2022 3Q	30%

PROJECT PORTFOLIO — SUMMARY

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Saleable GFA (sq. m.)
Changsha Kaisa Bright Harbour Seasons	Changsha	1	89,045	87,593
Hengyang Kaisa Yuefeng	Hengyang	1	160,648	159,679
Wuhan Kaisa Yuefu	Wuhan	2	352,480	162,642
Wuhan Kaisa Bright Harbour	Wuhan	1	142,252	142,252
Wuhan Kaisa Waterfront Jade Garden	Wuhan	1-2	258,382	251,408
Ezhou Zhongliang Kaisa The One Mansion	Ezhou	1	281,669	281,669
Xiaogan Kaisa Airport Science and Technology City	Xiaogan	1-3	120,328	103,161
Xiaogan Kaisa Jade Dragon Court	Xiaogan	1	75,307	74,307
Xinzheng Kaisa Yuefeng	Xinzheng	1-2	65,518	63,062
Xinxiang Kaisa Yuefeng	Xinxiang	1	85,686	80,002
Luoyang HYC Kaisa Lake View Place	Luoyang	1-3	432,368	224,127
Shanghai Kaisa Mansion No.8	Shanghai	2	124,025	75,231
Shanghai Kaisa City Garden	Shanghai	1	55,429	42,590
Shanghai Shangpin Jiayuan	Shanghai	1	80,262	77,768
Shanghai Kaisa City Plaza (Phase 4-7)	Shanghai	—	213,515	155,384
Hangzhou Kaisa Yunfeng	Hangzhou	1	38,350	32,623
Hangzhou Kaisa Dexin Cloud Heigh Jade Garden	Hangzhou	1	108,165	101,478
Shaoxing Kaisa Guoyue Mansion	Shaoxing	1	46,660	45,930
Suzhou Kaisa Guoyue Mansion	Suzhou	1	48,008	46,867
Nanjing Kaisa Yuefeng	Nanjing	1	144,535	76,092
Nanjing Kaisa Redsun Lakeside Mansion	Nanjing	1	103,160	84,976
Nanjing Kaisa Riverview Mansion	Nanjing	1	89,183	52,282
Xuzhou Thriving Spring Villa	Xuzhou	1	172,115	164,926
Jiangyin Zhouzhuang Golden World	Jiangyin	2	69,767	43,745
Taizhou Kaisa Mansion No. 1	Taizhou	3-7	247,643	244,250
Hefei HC Kaisa Future City	Hefei	1-2	200,705	150,529
Sanya Kaisa Begonia Seasons	Sanya	1	42,585	33,207
Sanya Kaisa Begonia Mountain	Sanya	1	44,332	43,942
			16,437,194	12,752,503

PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Dec-2020	Yes	2022 4Q	65%
Feb-2019	Yes	2021 1Q	51%
Apr-2019	Yes	2021 2Q	50%
Dec-2019	Yes	2021 4Q	50%
Jun-2020	Not yet obtained	2022 1Q	30%
Oct-2018	Yes	2021 4Q	35%
Jun-2020	Not yet obtained	2021 4Q	70%
Dec-2020	Not yet obtained	2023 4Q	50%
May-2018	Yes	2021 2Q	100%
Apr-2019	Yes	2021 4Q	51%
Sep-2019	Yes	2021 4Q	16%
Apr-2019	Yes	2021 1Q	100%
Jun-2018	Not yet obtained	2021 1Q	41%
Apr-2019	Not yet obtained	2021 4Q	41%
Dec-2019	Yes	2022 1Q	90%
Aug-2019	Not yet obtained	2021 4Q	50%
Apr-2020	Yes	2022 4Q	51%
Dec-2018	Yes	2021 1Q	36%
Sep-2019	Yes	2021 3Q	100%
Sep-2019	Yes	2023 4Q	51%
Oct-2019	Yes	2023 4Q	51%
Nov-2020	Yes	2023 4Q	49%
Mar-2019	Yes	2021 2Q	50%
Jul-2019	Yes	2021 3Q	100%
Sep-2019	Yes	2022 1Q	51%
Jun-2020	Yes	2022 2Q	49%
May-2019	Not yet obtained	2022 1Q	60%
Sep-2020	Yes	2022 2Q	44%

PROJECT PORTFOLIO — SUMMARY

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 31 December 2020.

Project
Shenzhen Kaisa Golden Bay International Park
Shenzhen Nam Tai Inno Valley
Shenzhen Kaisa Yuebanshan
Shenzhen Kaisa Sky-high Summit
Shenzhen Luohu Sanshun Project
Shenzhen Kaisa Shenwei
Shenzhen Nanmendun Project
Shenzhen Kaisa Sky-high Mansion
Shenzhen Kaisa Lakeside Residence
Guangzhou Kaisa Center
Guangzhou Kaisa Baiyun City Plaza
Guangzhou Xiajing Village Project
Guangzhou Kaisa Blissful Bay
Qingyuan Kaisa City Plaza
Dongguan Shilong Project
Dongguan Riverside Woods Palace
Dongguan Riverside Hillview Palace
Huizhou Yuanzhou Project
Huizhou Kaisa Riverbank New Town
Huizhou Kaisa Times Mocha Town
Huizhou Kaisa Dong River Garden
Huizhou Longmen Longquan Dajing
Huizhou Huidong Project
Huizhou Kaisa City Plaza
Huizhou Kaisa Yuebanwan
Zhuhai Lake View Waldorf Garden
Jiangmen Kaisa Yuefeng Mansion
Hong Kong Tuen Mun Project
Guiyang Kaisa Yuebanshan
Beijing Kaisa Fantasia Pinnacle Mansion
Shenyang Kaisa Xuefu Mansion No. 1
Anshan Kaisa Monarch Residence
Huludao Suizhong Kaisa Dongdaihe
Changsha Kaisa City Plaza
Changsha Kaisa Crown Residence
Wuhan Kaisa Jade Crest
Xiaogan Kaisa Airport Science and Technology City
Xiaogan Kaisa Jade Dragon Court
Luoyang HYC Kaisa Lake View Place
Luoyang Kaisa Lake View Waldorf
Luoyang HYC Kaisa Luoyang Center
Shanghai Kaisa Future City
Hangzhou Fuyang Yinhu Project
Hangzhou Kaisa Aurora
Ningbo Kaisa Emerald Residence
Wuxi Kaisa Xiangrui Luna Residence
Hefei Kaisa Lakeside Residence
Total

Note:

- For projects with multiple phases, the estimated time for completing the first phase of the project.

PROJECT PORTFOLIO — SUMMARY

Location	Project Phase	Estimated Total GFA (sq. m.)	Estimated Completion Time ¹
Shenzhen	3	182,490	2026
Shenzhen	2-4	170,200	2025
Shenzhen	1	150,820	2022
Shenzhen	1	66,260	2022
Shenzhen	1	33,440	2023
Shenzhen	1	56,930	2024
Shenzhen	1-2	214,700	2024
Shenzhen	1-2	286,000	2023
Shenzhen	1	168,380	2023
Guangzhou	1-3	315,343	2021
Guangzhou	1-4	507,650	2022
Guangzhou	1-2	393,700	2023
Guangzhou	1	101,056	2023
Qingyuan	2-5	874,962	2022
Dongguan	—	10,131	2023
Dongguan	—	155,693	2023
Dongguan	—	202,294	2023
Huizhou	—	61,200	2024
Huizhou	8	30,625	2022
Huizhou	3	12,568	2022
Huizhou	3-4	245,478	2022
Huizhou	3-4	344,018	2022
Huizhou	—	218,219	2023
Huizhou	1-2	608,400	2024
Huizhou	1-6	530,995	2026
Zhuhai	2-3	306,305	2024
Jiangmen	1	114,843	2023
Hong Kong	1-2	54,152	2025
Guiyang	1-3	361,528	2023
Beijing	1	40,077	2023
Shenyang	1	102,989	2023
Anshan	3	83,548	2021
Huludao	4,7	1,092,761	2023
Changsha	2-4	398,327	2023
Changsha	2	57,306	2023
Wuhan	1	168,696	2023
Xiaogan	3	111,977	2022
Xiaogan	1-2	76,043	2026
Luoyang	4-5	155,166	2024
Luoyang	1	239,034	2023
Luoyang	1-3	873,288	2024
Shanghai	1	61,202	2022
Hangzhou	1	23,326	2024
Hangzhou	1	88,195	2023
Ningbo	1	66,325	2023
Wuxi	1	77,915	2022
Hefei	1	73,204	2023
		10,567,759	

PROJECT PORTFOLIO — SUMMARY

SHENZHEN

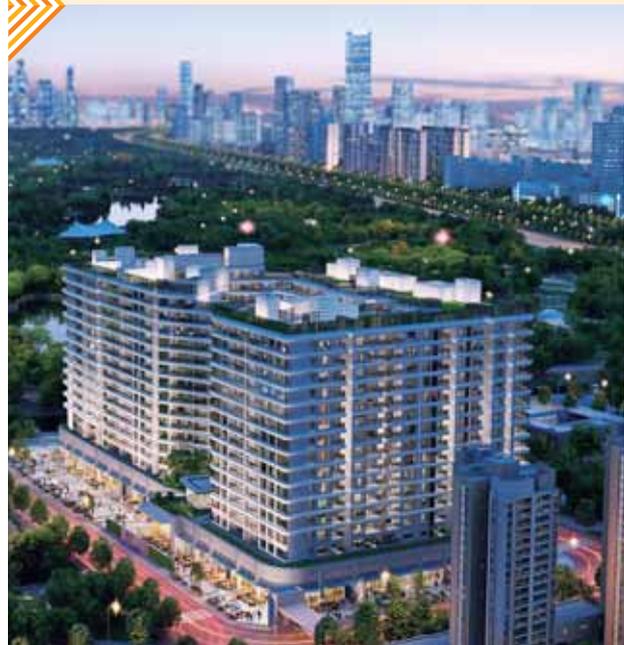
1. SHENZHEN KAISA SHENWEI (深圳佳兆業深未)

Shenzhen Kaisa Shenwei (深圳佳兆業深未), located at the north of Shahe Street, northeast of the intersection of Qiaofa Road and Qiaoshen Road, the luxury residential area of Nanshan Overseas Chinese Town, will be positioned as a benchmark of metropolitan luxury apartments. The project has a site area of approximately 7,200 sq.m., with a total GFA of approximately 57,000 sq.m.. It is planned to cover commercial, apartment and office.



2. SHENZHEN KAISA MARINE MANGROVE BAY (深圳佳兆業航運紅樹灣)

Shenzhen Kaisa Marine Mangrove Bay is located at the intersection of Honghua Road and Xiangzhang Road, Futian District, with the Futian Mangrove Park in the vicinity. Situated at the core of Futian Central Business District and Shenzhen-Hong Kong Innovation and Technology Co-operation Zone, it enjoys the surrounding landscape resources of Futian Mangrove Wetland Park, Hong Kong Mai Po Nature Reserve, Shenzhen Bay and Xinzhou Mangrove Road. The project has a site area of approximately 9,500 sq.m., with a GFA of approximately 43,000 sq.m.. The project is a small high-rise panoramic residential building with a unit size of approximately 80-120 sq.m. and enjoys inter-bay ecological residential landscape combining the elements of city prosperity and natural harmony.



PROJECT PORTFOLIO — SUMMARY

3. SHENZHEN FUTIAN DONGSHAN PROJECT (深圳福田東山項目)

Shenzhen Futian Dongshan Project is located at the core of Futian Central Business District, with Shopping Park Station, a station on Shenzhen Metro Line No. 1 and Shenzhen Metro Line No. 3, in the vicinity. The project is well-supported by commercial ancillary facilities in the neighborhood, and close to landmark buildings in Shenzhen such as Ping An Finance Center, Shenzhen Convention and Exhibition Center and COCOPARK. Phase one of the project has a site area of approximately 8,000 sq.m., with a GFA of approximately 49,000 sq.m.. Phase two of the project is in the progress of demolition. The project will be developed into high-end residence.



4. SHENZHEN NANMENDUN PROJECT (深圳南門墩項目)

Shenzhen Nanmendun Project is located at the center of Buji and the north of Buji Railway Station, Longgang District, with high transport accessibility and well-developed commercial facilities. Surrounded by three major parks, namely Shiyaling, Qiushuishan and Yinhushan, the project enjoys rich landscape resources. The project has a site area of approximately 69,000 sq.m., with a GFA of approximately 215,000 sq.m.. It comprises residential, office and commercial buildings, as well as apartments and a hotel.



PROJECT PORTFOLIO — SUMMARY

GUANGZHOU

5. GUANGZHOU KAISA CENTER (廣州佳兆業中心)

Guangzhou Kaisa Center is located at the intersection of the south section of the central axis of Guangzhou and Haizhu Innovation Bay as a key development area under the government policy. The project is an industry-city renewal complex which comprises hotel and commercial cluster, leisure and commercial centers, A-class office buildings and corporate headquarters as well as metropolitan international apartments. The project is in proximity to Nanzhou Station, an interchange of Guangzhou Metro Line 2 and the Guangfo Metro and closely adjacent to Ring Expressway. It is surrounded by large business circles, with Haizhu Lake Park and Haizhu Wetland in the vicinity. It is well-equipped with education and medical ancillary facilities which are all well established at the center of Haizhu City.



6. GUANGZHOU KAISA FENGMING MOUNTAIN (廣州佳兆業鳳鳴山)

Guangzhou Kaisa Fengming Mountain is located at the high-tech industrial zone at the core of Qingsheng TOD, Huangge, Nansha. The project is a one-stop commercial complex with an area of approximately 78,000 sq.m. and also an ecological living system comprising "three parks and two waterscapes". It is a low-density villa-level residential community with abundant educational resources in terms of nine schools, seven commercial centers and a Grade 3A hospital. The project has a site area of approximately 102,000 sq.m., with a GFA of approximately 328,000 sq.m. It is planned to be a benchmark complex in the district that comprises residential, commercial, apartment and office buildings. It will be developed into two phases.



PROJECT PORTFOLIO — SUMMARY

7. GUANGZHOU KAISA YUEJIANG MANSION (廣州佳兆業悅江府)

Guangzhou Kaisa Yuejiang Mansion is Kaisa's first project in Nansha with a site area of approximately 48,000 sq.m. and a GFA of approximately 95,000 sq.m.. It is located at the Central Business District of Lingshan Island, Mingzhu Bay, the core of Nansha, with International Financial Island in the vicinity. It enjoys 600 meters of front-line river view and is close to two riverfront parks of 70,000 sq.m.. Guangzhou Kaisa Yuejiang Mansion is the only slab-type+stacked villa on the island. It is a low-density and comfortable community. Under the name of the international top-tier well-known brands such as Hansgrohe and Villeroy & Boch, the project is built with refined decoration in accordance with the top standards of "Yuet+". It will be divided into two phases.



8. DONGGUAN KAISA SHIMAO BRIGHT TIMES (東莞佳兆業世茂璀璨時代)

Dongguan Kaisa Shimao Bright Times is located at the central area of Humen. The project is planned for slab-type buildings with garden view and high-rise buildings with unobstructed broad view. The slab-type buildings are scarce and of low density with two households on each floor which allows natural ventilation. It is surrounded by Humen Park and Wanda Plaza, and is about 1.5 km from the Humen Commercial City Station of the Guangzhou-Dongguan-Shenzhen Intercity Rail, about 4 km from the Humen High-speed Railway Station, and about 2 km from the Humen Port Interchange of the Beijing-Hong Kong-Macao Expressway.



PROJECT PORTFOLIO — SUMMARY

HUIZHOU

9. HUIZHOU KAISA SHIGUANGDAO (惠州佳兆業時光道)

Huizhou Kaisa Shiguangdao is located at the axis of Jinshan Lake in Huizhou, with a GFA of approximately 344,000 sq.m. and will be divided into four phases for development. The project will build the first “urban forest” themed garden in Huizhou, allowing the owners to return to nature in the hustle and bustle of the city.



CHONGQING

10. CHONGQING KAISA SKYLINE RESIDENCE (重慶佳兆業曉岸雲起)

Chongqing Kaisa Skyline Residence is located in the middle section of Xuecheng Avenue in Chongqing Science City. It covers a site area of approximately 117,000 sq.m. and a GFA of approximately 175,000 sq.m., and is equipped with a kindergarten, a futsal field, and a community service center. The project is planned to cover residential and commercial properties with Kaisa’s first community featuring a parent-child theme park in southwestern China. It will be developed in three phases.



PROJECT PORTFOLIO — SUMMARY

BEIJING

11. BEIJING KAISA FANTASIA PINNACLE MANSION (北京佳兆業花樣年西山相府)

Beijing Kaisa Fantasia Pinnacle Mansion is located at the core area of Mentougou District in Beijing, with Xishan to the north and Yongding River to the east, with rich natural landscape resources. The project covers a site area of approximately 20,000 sq.m., with a GFA of approximately 40,000 sq.m., and is a low-density pure residential land which is rare in Beijing. The project will build 8 Chinese-style bungalows in accordance with Kaisa's highest construction standards incorporating a new Chinese style, supplemented by stone and aluminum facades. The garden landscape inherits the culture of Xishan and integrates the landscape architecture of Jiangnan style garden.



HANGZHOU

12. HANGZHOU KAISA YINYUE (杭州佳兆業印月)

Hangzhou Kaisa Yinyue is located in Jianggan District, Hangzhou with a GFA of approximately 88,000 sq.m.. It is planned to build 12 modern streamlined buildings with 9-16 floors comprising a clubhouse and commercial amenities. The project is surrounded by the Wulin business district on the left and Qianjiang CBD on the right, facing the Hangzhou East Railway Station TOD of the Yangtze River Delta transportation hub and the existing Metro Line 1 and 4, as well as Line 6 and Airport Express Line which are under construction. The project is equipped with high-quality supporting facilities like education, commerce and medical care for all ages to enjoy integrated metropolitan lifestyle.



PROJECT PORTFOLIO — SUMMARY

NANJING

13. NANJING KAISA RIVERVIEW MANSION (南京佳兆業江望潤府)

Nanjing Kaisa Riverview Mansion is located in the Binjiang commercial area of Gulou District, Nanjing, in close proximity to the Fangjiaying Branch Campus of Lasa Road Primary School. The project has a total GFA of approximately 89,000 sq.m. and is planned to build 9 low-density properties with 9-18 storeys for upgrade needs.



DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this report, the board of directors (the “**Board**”) of the Company consists of nine directors (the “**Directors**”), three of whom are independent non-executive Directors. The Board has the general powers and duties for the management and conduct of the business. The Company has entered into service contracts with each of the Directors.

The table below sets forth certain information regarding the Directors:

Name	Age	Position
KWOK Ying Shing	56	Chairman and Executive Director
SUN Yuenan	57	Vice Chairman and Executive Director
MAI Fan	42	Vice Chairman, Executive Director and Chief Executive Officer
LI Haiming	46	Executive Director
KWOK Hiu Kwan	29	Executive Director
CHEN Shaohuan	55	Non-Executive Director
ZHANG Yizhao	50	Independent Non-Executive Director
RAO Yong	62	Independent Non-Executive Director
LIU Xuesheng	57	Independent Non-Executive Director

Chairman and Executive Director

KWOK Ying Shing (郭英成), aged 56, is the Chairman of the Board and an executive Director of the Company. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Board. He is one of the founders of the Group and was the Chairman and a Director since its inception in 1999. He resigned as the Chairman and an executive Director in December 2014 and was re-appointed as the Chairman and an executive Director in April 2015. Mr. Kwok is primarily responsible for overall strategy, investment planning and human resource strategy of the Group. Mr. Kwok has extensive experience in real estate development, investment and financing management.

Executive Directors

SUN Yuenan (孫越南), aged 57, has been an executive Director since November 2009. He is also a Vice Chairman and an authorised representative of the Company for the purpose of the Listing Rules and Companies Ordinance. Mr. Sun is primarily responsible for investment and management of the Group. Mr. Sun joined the Group in July 2001 as chief administrative director of Kaisa Group (Shenzhen) Co., Ltd. (“**Kaisa Group (Shenzhen)**”) and has held various positions within the Group, including senior vice president of the Group, deputy general manager of Kaisa Group (Shenzhen) and general manager of Guangzhou Jinmao Property Development Co., Ltd. Mr. Sun has extensive regulatory and business administration experience in the real estate industry. From 1993 to 2001, Mr. Sun served in various positions, including deputy chief of administrative office, deputy chief of legal division and deputy chief of personnel division, in Hengyang Municipal Bureau of Land Resources, which oversaw land resources in the city of Hengyang, Hunan Province. Mr. Sun received a bachelor’s degree in law from the Correspondence Institute of the Academy of the Central Committee of the Communist Party of China in December 2001.

MAI Fan (麥帆), aged 42, has been an executive Director since July 2017. He is also a Vice Chairman, the Chief Executive Officer and an authorised representative of the Company for the purpose of the Listing Rules and Companies Ordinance. Mr. Mai is responsible for the overall management and daily operations of the Group. Mr. Mai also serves as the director of Urban Renewal Group, Shenzhen Football Club and Poverty Alleviation Group. Prior to joining the Group in August 2015, Mr. Mai served at the Shenzhen Municipal Highway Bureau and Futian Government, Shenzhen from July 2001 to July 2015. Mr. Mai received his bachelor of laws from the Sun Yat-sen University in 2001 and received the qualification of legal profession in 2002.

DIRECTORS AND SENIOR MANAGEMENT

LI Haiming (李海鳴), aged 46, has been an executive Director since April 2020. He has also been the Chief Operating Officer of the Group since January 2019. He is in charge of management and investment of the real estate sector of the Group. Since March 2020, he also serves as senior management of various subsidiaries of the Group, including as the chairman of each of Dingsheng Park Entertainment Group Services Co., Ltd* (鼎盛樂園娛樂集團服務有限公司) and International Park Group* (國際樂園集團); the president and chairman of Kaisa Services Co., Ltd* (佳兆業服務有限公司), the general manager of Kendu Project Development Co., Ltd* (肯渡項目開發公司). Mr. Li joined the Group in July 2002, and has served in various positions in the Group, including as the vice-president of the Group from July 2017 to January 2019, senior management of real estate of Shenzhen from May 2015 to July 2017, senior management of real estate of Changsha from July 2007 to April 2015. Mr. Li was appointed as an executive director of Kaisa Prosperity Holdings Limited (a company listed on the Stock Exchange, stock code: 2168) on 8 April 2020. Mr. Li graduated from the Party School of the Guangdong Provincial Committee of the CPC (廣東省委黨校) with a bachelor's degree in business management in July 2000. He also specialised in architecture and graduated from Chongqing Jianzhu College (重慶建築工程學院) in July 1994.

KWOK Hiu Kwan (郭曉群), aged 29, has been an executive Director since April 2020. He is also the chairman and president of the Shanghai region of the Group. He is responsible for overseeing the Group's business (including mergers and acquisitions, property developments, investments and financing) and business development in Shanghai. Mr. Kwok worked as the vice president of the real estate of the Group's Shanghai region from May 2018 to March 2020. Since March 2020, he has been appointed as chairman of the Shanghai region of the Group. Mr. Kwok graduated from Essex University in the United Kingdom with a bachelor's degree in finance management in July 2013 and obtained a master in sociology from University College London in the United Kingdom in July 2014.

Non-Executive Director

CHEN Shaohuan (陳少環), aged 55, has been a non-executive Director of the Company since 26 December 2013. She received a Diploma in Economics and Management from the Social Science Faculty of South China University of Technology in the People's Republic of China in July 1987. Ms. Chen joined Sino Life Insurance Co., Ltd. (生命人壽保險股份有限公司) ("**Sino Life Insurance**") from December 2013 to November 2016 and was the deputy general manager of the asset management centre of Sino Life Insurance. Prior to joining Sino Life Insurance, Ms. Chen was the manager of the investment division of Shenzhen Fengsheng Investment Group Company Limited* (深圳市豐盛投資集團有限公司) from June 1995 to November 2013. Ms. Chen was also the deputy general manager of a subsidiary of Shenzhen Wuzhi Group Company* (深圳市物資總公司) engaging in construction material business from September 1983 to May 1995.

Independent Non-Executive Directors

ZHANG Yizhao (張儀昭), age 50, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Zhang is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He is also a director of China Carbon Graphite Group Inc. (OTC BB: CHGI) and HH Biotechnology Holdings Company (OTC BB: HHBT). Mr. Zhang has over 19 years of experience in accounting and internal control, corporate finance, and portfolio management. Previously, Mr. Zhang was the CFO or director at various public companies listed in the US, Hong Kong and Tokyo. Mr. Zhang also had experiences in portfolio management and asset trading at Guangdong South Financial Services Corporation from 1993 to 1999. He is a Certified Public Accountant of the State of Delaware, and a member of the American Institute of Certified Public Accountants (AICPA). He also has the Chartered Global Management Accountant (CGMA) designation. Mr. Zhang graduated with a bachelor's degree in economics from Fudan University, Shanghai in 1992 and received a Master of Business Administration with concentrations in financial analysis and accounting from the State University of New York at Buffalo in 2003.

RAO Yong (饒永), aged 62, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Rao is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Rao is currently a director of Shenzhen Pengcheng Certified Public Accountants Co. Ltd. He is a member of the Chinese Institute of Certified Public Accountants (CICPA) and a certified public valuer in China. Mr. Rao has over 28 years of experience in accounting and auditing. Mr. Rao was a director of the Audit Bureau of Shenzhen City from 1991 to 1997 and a head of the Audit Bureau of Wuzhou City, Guangxi Province from 1987 to 1990. Mr. Rao has also been a director of The Chinese Institute of Certified Public Accountants since 1996, a director of the Shenzhen Institute of Certified Public Accountants since 1996 and its president since 2005, a forensic accounting expert of Shenzhen City since 2002 and the deputy secretary-general of the Asset Evaluation Association of Shenzhen City since 1997. Mr. Rao was appointed as an independent non-executive director of Maoye International Holdings Limited (a company listed on the Stock Exchange, stock code: 848) on 29 April 2020. Mr. Rao received a diploma in accounting from Guangxi College of Finance and Economics, China in July 1980.

DIRECTORS AND SENIOR MANAGEMENT

LIU Xuesheng (劉雪生), aged 57, has been an independent non-executive Director of the Company since 28 February 2017. Mr. Liu joined Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師協會) (“SZICPA”) since February 1999 and is currently the deputy secretary general. Prior to joining the SZICPA, Mr. Liu was the accountant of OCT Group (深圳華僑城集團) from April 1992 to February 1999. Mr. Liu graduated from Jiangxi Institute of Finance and Economics (江西財經學院) (now known as the Jiangxi University of Finance and Economics (江西財經大學) with a bachelor degree in 1989 and graduated from Shanghai University of Finance and Economics (上海財經大學) majoring in accounting and obtained a master degree in economics in 1992. He was admitted as Certified Public Accountants in the People’s Republic of China in 1995. Mr. Liu is currently an independent non-executive director of Telling Telecommunication Holdings Co., Ltd. (天音通信控股股份有限公司), Huaifu Top Dyed Melange Yarn Co., Ltd. (華孚色紡股份有限公司) and EDAN Instruments, INC. (深圳市理邦精密儀器股份有限公司), which are companies listed on the Shenzhen Stock Exchange. From June 2008 to June 2011, Mr. Liu was the independent non-executive director of Dongjiang Environmental Company Limited (stock code: 895), a company listed in Hong Kong.

SENIOR MANAGEMENT

As at the date of this report, the senior management members are ZHANG Huagang, WU Jianxin, SUEN Wai Kin, ZHAI Xiaoping, JIE Pingsheng, SONG Wei, XIE Binhong, LIU Xianhua, YANG Ming, CHEN Yankun, LEE Kin Ping, CHEN Siying, LI Aiguo, LIU Lihao, SUN Mingyao, CHEN Ling, CHENG Xinlan, WANG Huiliang, LIU Tao, LUO Tingting, LIU Jun, LIU Ce and NIE Qiang. The table below sets forth certain information regarding the senior management members:

Name	Age	Position
ZHANG Huagang	58	Vice Chairman
WU Jianxin	42	Chief Financial Officer
SUEN Wai Kin	41	Co-Chief Financial Officer
ZHAI Xiaoping	41	Senior Vice President
JIE Pingsheng	59	Senior Vice President
SONG Wei	36	Senior Vice President
XIE Binhong	37	Vice President and Chief Human Resources Officer
LIU Xianhua	40	Vice President
YANG Ming	38	Vice President
CHEN Yankun	46	Vice President
LEE Kin Ping	39	Vice President
CHEN Siying	36	Vice President
LI Aiguo	55	Vice President
LIU Lihao	37	Vice President
SUN Mingyao	38	Vice President
CHEN Ling	45	Chief Technology Officer
CHENG Xinlan	42	Vice President
WANG Huiliang	39	Vice President
LIU Tao	38	Vice President
LUO Tingting	36	Vice President
LIU Jun	42	Vice President
LIU Ce	36	Chief Economist
NIE Qiang	39	Vice President

Please refer to the section headed “(A) The Board of Directors” of the Corporate Governance Report for further information on the changes in the senior management of the Group during the year and up to the date of this report.

DIRECTORS AND SENIOR MANAGEMENT

ZHANG Huagang (張華綱), aged 58, is the vice-chairman of the Group. He joined the Group in April 2020 and now serves as the chairman of Kaisa International Group, Kaisa Hotel Group, Kaisa Technology Innovation Group and Kaisa International Resorts Group. Before joining Kaisa Group, Mr. Zhang had worked in Gemdale Group, Zendai Property, etc. Mr. Zhang had earned his bachelor's degree in Industrial Automation from Huazhong University of Science and Technology in June 1982, and he graduated from New York State University with a master's degree in Business Administration in January 1989.

WU Jianxin (吳建新), aged 42, is the Chief Financial Officer of the Group, and is mainly responsible for finance, taxation and fund management. Mr. Wu joined the Group in August 2015 and served as the general manager of the capital management department, the general manager of the financial management department, the assistant president and vice president of the Group. Before joining the Group, Mr. Wu successively engaged in capital management in Shenzhen Zhongdian Investment Co., Ltd., Huawei Technology Co., Ltd. and Country Garden Holding (Group) Co., Ltd. Mr. Wu graduated from Zhongnan University of Economics and Law with a bachelor's degree in Economics in July 2001.

SUEN Wai Kin (孫偉健), aged 41, is the Co-Chief Financial Officer of the Group. Before Mr. Suen joined the Group in May 2020, he once worked for Bank of America, Zhaofeng Investment Co., Ltd, BOC International (China) Co., Ltd, Founder Securities (Hong Kong) Co., Ltd, taking charge of Investment management. In May 2002, Mr. Suen graduated from University of Michigan in the United States with a bachelor's degree in Business Administration.

ZHAI Xiaoping (翟曉平), aged 41, is a senior vice president of the Group and the president of the investment department of the Group, and is mainly responsible for the investment of the Group. Ms. Zhai joined the Group in July 2007 and served as the president of the Group's investment and financing management department, vice president of the Investment and Financing Group and vice president of Shenzhen Kaisa Financial Group. Ms. Zhai graduated from Peking University with a master's degree in law in 2007.

JIE Pingsheng (揭平勝), aged 59, is a senior vice president of the Group, and the chairman and president of Guangzhou City Renewal Group, and is mainly responsible for the management. He joined the Group in February 2008 and served as chairman of the board and general manager of Kaisa Real Estate Zhuhai branch, chairman of the board and president of Guangzhou Zhiye Group, chairman of the board of Zhiye Group and chairman of City Renewal Group. Before joining the Group, he sequentially worked for Shenzhen Mingju Real Estate Co., Ltd. as deputy general manager, Xinhe Group as vice president and Shenzhen Anneng Real Estate Company as deputy general manager. He graduated from Shenzhen University in 1987.

SONG Wei (宋偉), aged 36, is a senior vice president of the Group. Mr. Song is primarily responsible for urban renewal work. Prior to joining the Group in November 2015, Mr. Song has successively engaged in news and planning in Hubei Daily Media Group and Evergrande Real Estate Group. Mr. Song has received a bachelor's degree in Journalism & Communication from Hubei University in 2007.

XIE Binong (謝斌鴻), aged 37, is a vice president of the Group and chief human resources officer. He is responsible for the human resources management. Mr. Xie joined the Group in 2011 and served as the assistant president of Kaisa Commercial Group and the vice president of Kaisa Real Estate Group (Shenzhen Region), etc. Before joining the Group, Mr. Xie worked for Financial Street Huizhou Real Estate Co., Ltd. and other companies. Mr. Xie graduated from Peking University, with a master's degree in Business Administration in June 2018.

LIU Xianhua (劉先華), aged 40, is a vice president of the Group, and is mainly responsible for financing management. Mr. Liu joined the Group in January 2019 and served as the vice president of the Group. Before joining the Group, Mr. Liu had worked for Shenzhen Branch of the Bank of China and Shenzhen Branch of China CITIC Bank in management. Mr. Liu received a bachelor's degree in Management from Zhejiang Gongshang University in June 2003.

YANG Ming (楊明), aged 38, is a vice president of the Group, and is responsible for legal and risk management work. Ms. Yang joined the Group in April 2016 and served as deputy general manager of the legal compliance department of the Real Estate Group and general manager of the legal compliance department of the Group. Prior to joining the Group, Ms. Yang had successively worked in CIMC, Glorious Property Holdings Limited and Shum Yip Land Company Limited responsible for legal and risk management. Ms. Yang graduated from Wuhan University in July 2004 with a bachelor's degree in law.

DIRECTORS AND SENIOR MANAGEMENT

CHEN Yankun (陳燕坤), aged 46, is a vice president of the Group and the chairman of Real Estate Group (Guangzhou Group), and is responsible for the management. Mr. Chen joined the Group in September 2017 and served as the vice chairman of Guangzhou Finance Group, the vice chairman of the Greater Bay Area Group, president of Guangzhou region, etc. Before joining the Group, Mr. Chen had worked for the politics and law system for a long time.

Lee Kin Ping (李健萍), aged 39, is a vice president of the Group and the vice president of Kaisa Capital Group, and is also responsible for the management of finance, legal and risk control and administration department of Kaisa Financial Group. Ms. Lee joined the Group in 2005 and served as the general manager of administration and human resources department of Hong Kong office, the general manager of public relations and investor relations department, the assistant president of Kaisa Group (International), the vice president of Kaisa Financial Group in Hong Kong, etc. Ms. Lee received her associate degree of Computer Science in 2004 and currently studying a higher degree in Corporate Compliance in The University of Hong Kong.

CHEN Siying (陳思穎), aged 36, is a vice president of the Group and the president of Beijing Group, and is responsible for the management. Mr. Chen joined the Group in July 2007 and served as the chairman of Beijing Real Estate Company, the chairman of Beijing Kaisa Hotel Management Company, the executive vice president of Real Estate Group (Beijing Region), etc. Mr. Chen served as president assistant of Languang Real Estate Group and general manager of its Beijing branch etc, prior to joining the Group. Mr. Chen graduated from Tongji University with bachelor's degree in Civil Engineering in 2007.

LI Aiguo (李愛國), aged 55, is a vice president of the Group, and is responsible for the management of Securities Funds. Mr. Li joined the Group in December 2016 and served as vice president of Financial Group and vice president of Investment and Financing Center. Before joining the Group, Mr. Li worked for the Ministry of public security of the PRC and HNA Group. Mr. Li graduated from the PLA Logistics Command College in July 2006, majored in Financial Management.

LIU Lihao (劉立好), aged 37, is a vice president of the Group and president of Shenzhen Group, and is responsible for the management. Mr. Liu joined the Group in August 2012 and served as the assistant president of Real Estate Group (Beijing Region) and the vice president of Real Estate Group (Shanghai Region), etc. Before joining the Group, Mr. Liu worked on commercial real estate analysis and operating management successively in DTZ holdings and Guangming Technology Park Co., Ltd. of China Merchants Group. Mr. Liu graduated from Jiangxi University of Finance and Economics with bachelor's degrees of Economics and Laws.

SUN Mingyao (孫明堯), aged 38, is a vice president of the Group. Mr. Sun joined the Group in September 2016, and successively served as the assistant president of Financial Group, the vice president of Greater Bay Area Group, the vice president of Real Estate group, etc. Before joining the Group, Mr. Sun successively engaged in planning and investment management in Ping An Life Insurance, Shenzhen Zetai investment company and China Cinda. Mr. Sun graduated from Renmin University of China with a master's degree in Economics in July 2006.

CHEN Ling (陳玲), aged 45, is the vice president and the Chief Technology Officer of our Group. She also serves as the president of the Innovation Institute of Research, Development and Design, taking charge of management. Ms. Chen joined the Group in April 2008, and successively served as the deputy general manager of design management department, the director of the Innovation Institute, the president assistant and the vice president of Shenzhen Region Real Estate Group, etc. Before Ms. Chen joined the Group, she had engaged in architectural design work for Huasen Architectural & Engineering Designing Consultants Ltd. (HAS). Ms. Chen earned her master's degree in Engineering from Wuhan University of Technology in July 2002.

CHENG Xinlan (程芯蘭), aged 42, is a vice president of the Group, and is responsible for marketing management. Ms. Cheng joined the Group in September 2010, and successively served as the general manager of the department of customer and marketing of the Real Estate Group, the president assistant of the Real Estate Group and the president assistant of the Group. She had worked for Gemdale Group before she joined our Group. In June 2002, Ms. Cheng graduated from Renmin University of China with a bachelor's degree in Literature.

WANG Huiliang (王慧良), aged 39, is a vice president of the Group, and she is mainly responsible for financing management. Ms. Wang joined the Group in February 2018, and successively served as the general manager of the financing management department of the Real Estate Group, the president assistant of the Real Estate Group and the president assistant of the Group. Ms. Wang had worked for Tusincere Group before joining the Group. In July 2004, she graduated from Hangzhou Dianzi University with a bachelor's degree in Accounting.

DIRECTORS AND SENIOR MANAGEMENT

LIU Tao (劉濤), aged 38, is a vice president of the Group. He also serves as the president of Technology Group, mainly responsible for the development of Group internet. Mr. Liu joined the Group in October 2009, and successively served as the general manager assistant, the vice general manager and the general manager of the Internet & Information Department and the assistant president of the Group. He had worked for Mysoft Software before joining the Group. In July 2005, Mr. Liu graduated from Shandong University of Science and Technology with a bachelor's degree in Computer Science.

LUO Tingting (羅婷婷), aged 36, is a vice president of the Group, and mainly responsible for financial management. Ms. Luo joined the Group in April 2011, and successively served as the president assistant and the vice president of the Shenzhen Wealth Management Group, the general manager of the Planning and Finance Department of the Group and president assistant of the Group. She had worked in RSM China before joining our Group. In July 2006, Ms. Luo graduated from Jiangxi University of Finance and Economics with a bachelor's degree in Public Finance.

LIU Jun (劉軍), aged 42, is a vice president of the Group, mainly responsible for legal affairs management of the Group. Mr. Liu joined the Group in December 2018, and successively served as the general manager of law enforcement department in Real Estate Group, and the president assistant of the Group. Before he joined the Group, Mr. Liu had worked in Guangdong Rui Feng Law Firm and Top Spring Group, in charge of legal affairs management. Mr. Liu graduated from Wuhan University with a bachelor's degree in Laws in June 2001.

LIU Ce (劉策), aged 36, is the chief economist of the Group. Mr. Liu joined the Group in January 2018 and served as the dean of Kaisa Economic Research Institute and the chief growth officer of the Group, etc. Before joining the Group, Mr. Liu worked on researching and consulting for Shanghai Tacter Management Consulting Company and Mingyuan Real-estate, respectively. Mr. Liu graduated from Northwest University with a master's degree of Management in July 2009.

NIE Qiang (聶強), aged 39, is a vice president of the Group. Mr. Nie joined the Group in April 2010 and successively served as the general manager, the Shanghai regional vice president, the executive vice president, and the president of the Shenzhen real estate company. Before joining the Group, Mr. Nie worked in the China Water Resources and Hydropower Third Engineering Bureau Installation Branch Co., Ltd. and Fantasia China Group Co., Ltd. Mr. Nie graduated from North China University of Water Conservancy and Electronic Power majoring in mechanical design and manufacturing and its automation in June 2004 with a bachelor's degree.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2020.

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board with regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximise returns to shareholders. The Company's management pledges to build long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as its own code to govern its corporate governance practices. The Company was conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules.

For the year ended 31 December 2020, the Company complied with the code provisions of the CG Code set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other important engagements, Ms. CHEN Shaohuan, a non-executive Director, was unable to attend the annual general meeting of the Company held on 14 June 2020.

Due to other important engagements, Ms. CHEN Shaohuan, a non-executive Director, and Mr. LIU Xuesheng, an independent non-executive Director, were unable to attend the extraordinary general meeting of the Company held on 20 November 2020.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS

Board Composition

The members of the Board during the financial year under review were as follows:

Members of the Board

Executive Directors:

Mr. KWOK Ying Shing

Mr. SUN Yuenan

Mr. MAI Fan

Mr. LI Haiming (appointed on 6 April 2020)

Mr. KWOK Hiu Kwan (appointed on 6 April 2020)

Mr. ZHENG Yi (resigned on 6 April 2020)

Mr. WENG Hao (resigned on 6 April 2020)

Non-executive Director:

Ms. CHEN Shaohuan

Independent non-executive Directors:

Mr. ZHANG Yizhao

Mr. RAO Yong

Mr. LIU Xuesheng

Biographical details of the Directors and the senior management of the Company are disclosed in the section headed "Directors and Senior Management" of this annual report. Save as disclosed in the such section, to the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the directors and senior management.

For the year ended 31 December 2020, Mr. YU Kwok Leung, the company secretary of the Company, received not less than 15 hours of relevant professional training to update his knowledge and skills.

As at 31 December 2020, the Board consisted of nine Directors including Mr. KWOK Ying Shing, Mr. SUN Yuenan, Mr. MAI Fan, Mr. LI Haiming and Mr. KWOK Hiu Kwan as the executive Directors, Ms. CHEN Shaohuan as a non-executive Director and Mr. ZHANG Yizhao, Mr. RAO Yong and Mr. LIU Xuesheng as the independent non-executive Directors. The overall management of the Company's operation is vested in the Board.

CORPORATE GOVERNANCE REPORT

Directors' Responsibilities

The Board takes on the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As of 31 December 2020, the Board comprised nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Their names and biographical details are set out in the section entitled "Directors and Senior Management" in this annual report.

All Directors have full and timely access to all relevant information about the Company so that they can discharge their duties and responsibilities as Directors. In particular, through regular Board meetings and receipt of regular financial and business updates, all Directors are kept abreast of the conduct, business activities and development, as well as regulatory updates applicable to the Company.

Liability insurance for Directors and members of the senior management of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the executive Directors of the Company along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2020, in order to reinforce their respective independence, accountability and responsibility, Mr. KWOK Ying Shing acted as Chairman and Mr. MAI Fan acted as Chief Executive Officer during the year.

The chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. Under code provisions A.2.1 and A.2.2 of the CG Code, the chairman would ensure that all Directors are properly briefed on issues arising at Board meetings and would be responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organisation structure, control systems and internal procedures and processes of the Company for the Board's approval.

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decision. They bring an impartial view on the Company's strategies, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

The Board also considers that the independent non-executive Directors can provide independent advice on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

For the year ended 31 December 2020, the Company has received an annual confirmation of independence from each independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive Directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive Directors of a listed issuer must represent at least one-third of the Board of such listed issuer. The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Meeting agenda for regular meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda.

At least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given.

For the year ended 31 December 2020, it is considered that the Directors are well acknowledged to the business and the operation of the Group.

All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings. They can separately get access to the senior executives and the company secretary at all time and may seek independent professional advice at the Company's expense. Minutes of board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Pursuant to code provision A.1.5 of the CG Code, minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Other than regular meetings, the Chairman also meets with non-executive Directors (including Independent non-executive Directors) without the presence of executive Directors, to facilitate an open discussion among the non-executive Directors on issues relating to the Group.

Pursuant to code provision A.1.7 of the Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by way of a physical meeting, rather than a written resolution. Independent non-executive Directors who have no material interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the Articles, as well as relevant rules and regulations. For the year ended 31 December 2020, there were no significant changes to the Articles.

CORPORATE GOVERNANCE REPORT

Appointment, Re-election and Removal of Directors

Each of the executive Directors has entered into service contract with the Company for a term of three years, and subject to re-election at the annual general meeting of the Company (“AGM”), and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months’ prior notice in writing. Each of the non-executive Directors and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of appointment, which shall be automatically extended for another one year upon expiration of the letter of appointment, and subject to re-election at the AGM, and such letter of appointment could be terminated by giving not less than three months’ prior notice in writing. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the members of the Company and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with the Articles, at every AGM of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

The members of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group’s businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh 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 Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

Briefings on directors’ duties were given to the newly appointed executive Directors.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2020, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Mr. KWOK Ying Shing	B
Mr. SUN Yuenan	B
Mr. MAI Fan	B
Mr. LI Haiming (appointed on 6 April 2020)	B
Mr. KWOK Hiu Kwan (appointed on 6 April 2020)	B
Mr. ZHENG Yi (resigned on 6 April 2020)	B
Mr. WENG Hao (resigned on 6 April 2020)	B
Non-Executive Director	
Ms. CHEN Shaohuan	B
Independent Non-Executive Directors	
Mr. ZHANG Yizhao	A, B
Mr. RAO Yong	B
Mr. LIU Xuesheng	B

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

B: reading newspapers, journals, Company's newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

In 2013, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Board and the Company's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee and policy

The Nomination Committee is primarily responsible for, among other things, considering and recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required.

CORPORATE GOVERNANCE REPORT

Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee will select and recommend candidates for directorship after consideration of referrals and engagement of external recruitment professionals, when necessary.

The composition of the Nomination Committee during the financial year under review was as follows:

Chairman:

Mr. KWOK Ying Shing, executive Director

Members:

Mr. ZHANG Yizhao, independent non-executive Director

Mr. RAO Yong, independent non-executive Director

The Nomination Committee was primarily responsible for the following duties during the year ended 31 December 2020:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company; and
- to assess the independence of independent non-executive Directors.

In evaluating and selecting any candidate for directorship, the following factors would be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
- Diversity in all aspects with reference to the Diversity Policy of the Board.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee is responsible for, among other things, the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. Their written terms of reference are in line with the provisions under the CG Code and explains the role and the authority delegated to the Audit Committee by the Board.

The Audit committee consists of three members, all of whom are non-executive Director and independent non-executive Directors. The composition of the Audit Committee during the financial year under review was as follows:

Chairman:

Mr. RAO Yong, independent non-executive Director

Members:

Mr. ZHANG Yizhao, independent non-executive Director

Ms. CHEN Shaohuan, non-executive Director

The Audit Committee was primarily responsible for the following duties during the year ended 31 December 2020:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of 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;
- to review and monitor integrity of the Company's financial statements, annual report and accounts and half-year reports and to review significant financial reporting judgements contained in them;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss the internal control system with management of the Company and ensure that the management has performed its duty to have an effective internal control system;
- to review the financial and accounting policies and practices of the Company and its subsidiaries;
- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised; and
- to review the effectiveness of the risk management and internal control systems and the internal audit function.

Remuneration Committee

The Remuneration Committee is responsible for, among other things, making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the provisions of the Code. Pursuant to code provision B.1.4 of the CG Code, the remuneration committee would make available its terms of reference, explaining its role and the authority delegated to it by the Board. The composition of the Remuneration Committee during the financial year under review was as follows:

Chairman:

Mr. ZHANG Yizhao, independent non-executive Director

CORPORATE GOVERNANCE REPORT

Members:

Mr. KWOK Ying Shing, executive Director

Mr. RAO Yong, independent non-executive Director

The Remuneration Committee was primarily responsible for the following duties during the year ended 31 December 2020:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management of the Company and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management members of the Company;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 14 to the consolidated financial statements. During the year ended 31 December 2020, the Remuneration Committee determined the remuneration packages of the executive Directors and senior management members of the Company, and reviewed the collective performance and individual performance as well as the performance-based bonus payment of them.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year 2020 is set out below:

Remuneration bands (RMB)	Number of persons
1,000,001 to 2,000,000	8
2,000,001 to 3,000,000	3
3,000,001 to 4,000,000	6
4,000,001 to 5,000,000	1
5,000,001 to 6,000,000	3
6,000,001 to 7,000,000	1
9,000,001 to 10,000,000	1
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CORPORATE GOVERNANCE REPORT

Meeting Attendance

The attendance of Directors at Board meetings and meetings of the Board committees and general meetings during the year ended 31 December 2020, as well as the number of such meetings held, is set out as follows:

Meetings attended/held

Directors	Board	Nomination Committee	Audit Committee	Remuneration Committee	General Meetings
Executive Directors					
Mr. KWOK Ying Shing	4/4	1/1		1/1	0/2
Mr. SUN Yuenan	4/4				0/2
Mr. MAI Fan	4/4				2/2
Mr. LI Haiming	4/4				0/2
Mr. KWOK Hiu Kwan	4/4				0/2
Mr. ZHENG Yi (Note)	0/0				0/0
Mr. WENG Hao (Note)	0/0				0/0
Non-Executive Director					
Ms. CHEN Shaohuan	0/4		0/2		0/2
Independent Non-Executive Directors					
Mr. ZHANG Yizhao	4/4	1/1	2/2	1/1	1/2
Mr. RAO Yong	4/4	1/1	2/2	1/1	2/2
Mr. LIU Xuesheng	4/4				0/2

Note: Mr. ZHENG Yi and Mr. WENG Hao resigned as executive Director on 6 April 2020.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Directors are responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, the Hong Kong financial reporting standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the CG Code, management would provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The working scope and reporting responsibilities of Grant Thornton Hong Kong Limited, the Company's external auditor, are set out on pages 106 to 111 of the "Independent Auditor's Report" in this annual report.

External Auditor's Remuneration

During the year under review, the fee payable to Grant Thornton Hong Kong Limited in respect of its audit services and non-audit services provided to the Company were RMB8.0 million and RMB3.2 million, respectively.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

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

Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

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

The Company has developed and adopted risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The Board, together with the Audit Committee, should collect the information from the risk management system, include discussions of risk and oversight of the management of those risks into the agenda of Board meetings.

An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended. In addition, the Company, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff of the accounting and finance department and internal audit department, and their training programmes and budget.

During the course of audit performed by the external auditors, they reported on the weaknesses of the Group's risk management, internal control and accounting procedures which came to their attention.

The Directors, through the audit committee of the Company, reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group, at least annually, for the year ended 31 December 2020. After such review, the Board considered that the Company's enhanced internal control system was adequate and effective.

Handling of Inside Information

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling and/or unauthorised use of inside information within the Group.

(C) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Board believes that effective investor relations can contribute towards lower cost of capital, higher market liquidity for the Company's stock and a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

CORPORATE GOVERNANCE REPORT

Shareholders may put forward their written enquiries to the Board. In this regard, the Shareholders may send those enquiries or requests as mentioned to the following:

Address: 30/F, The Centre, No. 99 Queen's Road Central, Central, Hong Kong

Fax: (852) 3900 0990

Telephone: (852) 8202 6888

Pursuant to the code provisions of the CG Code, in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and invite for the chairman of the Audit Committee, Remuneration Committee and Nomination Committees any other committee (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the AGM. The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by way of a poll.

Shareholder (s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder (s) and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinance of Hong Kong provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

There are no provisions allowing shareholders to putting forward proposals at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders who wish to put forward proposals may follow the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the above paragraph.

The constitutional documents of the Company are available on the websites of the Company and the Stock Exchange. There were no changes in the constitutional documents of the Company for the year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

(D) DIVIDEND POLICY

Purpose

This Dividend Policy (the “Policy”) sets out the principles and guidelines that the Company will apply when considering the declaration and payment of dividends to the shareholders of the Company.

Principles and Guidelines

The Company may, subject to the Cayman Companies Law, from time to time in general meeting declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

The Board may from time to time determine to pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may determine to pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

The Board has the discretion to declare dividends to the shareholders of the Company, subject to the articles of the association of the Company and all applicable laws and regulations, taking into account the factors set out below:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- taxation considerations;
- any contractual, statutory and regulatory restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Review of the Policy

The Board will review this Policy as appropriate from time to time.

REPORT OF THE DIRECTORS

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department stores and cultural centre operations, water-way passenger and cargo transportation and health care operations, in the People's Republic of China (the "PRC"). The activities and particulars of the Company's subsidiaries are set out in note 48 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

The business objectives of the Group are to develop its business and achieve sustainable growth of its business. A review of the businesses of the Group during the year using the key performance indicators and a discussion on the Group's future business development are provided in the section headed "Management Discussion and Analysis — Financial Review" in this report. Description of key risk factors and uncertainties that the Group is facing are provided in the section headed "Management Discussion and Analysis — Principal Risks and Uncertainties".

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 and the financial position of the Group as that date are set out in consolidated financial statements on pages 114 to 115 in this annual report.

DIVIDENDS

The Board recommended of a final dividend of HK12.0 cents per share for 2020 (2019: HK10.0 cents per share). Together with an interim dividend of HK3.0 cents per share (2019: HK3.0 cents), the full year dividends for 2020 amounted to HK15.0 cents per share (2019: HK13.0 cents).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant, and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity. Details of the distributable reserves of the Company as at 31 December 2020 are set out in note 37 to the consolidated financial statements.

BORROWINGS

Details of the borrowings are set out in note 31 to the consolidated financial statements.

CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to RMB248.1 million (2019: RMB188.0 million).

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

Senior notes

During the year ended 31 December 2020, the Group issued US\$500 million 10.5% senior notes due 2025 and US\$300 million 9.95% senior notes due 2025 in January 2020; US\$400 million 6.75% senior notes due 2021 in February 2020; US\$300 million 7.875% senior notes due 2021 in June 2020, US\$400 million 9.75% senior notes due 2023 in July 2020, US\$300 million 11.25% senior notes due 2025 in July 2020, US\$400 million 11.25% additional senior notes due 2025 in September 2020, US\$200 million senior perpetual securities in November 2020, US\$200 million 11.95% additional senior notes due November 2023 in November 2020, US\$250 million 6.5% senior notes due 2021 in December 2020 and US\$150 million 6.5% additional senior notes due 2021 in December 2020.

REPORT OF THE DIRECTORS

During the year ended 31 December 2020, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US\$27 million, 6.75% senior notes due 2021 with a principal amount of US\$24 million and 11.75% senior notes due 2021 with a principal amount of US\$21 million. During the year ended 31 December 2020, the Group made tender offer to repurchase 6.75% senior notes due 2021 with a principal amount of US\$201.7 million and 11.75% senior notes due 2021 with a principal amount of US\$163.2 million. The repurchased notes were cancelled accordingly.

On 30 June 2020, the Group redeemed the outstanding 7.25% senior notes due 2020 of US\$513.0 million.

All the notes issued above are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS

During the year ended 31 December 2020 and up to the date of this report, the Directors were as follows:

Executive Directors

Mr. KWOK Ying Shing

Mr. SUN Yuenan

Mr. MAI Fan

Mr. LI Haiming (appointed on 6 April 2020)

Mr. KWOK Hiu Kwan (appointed on 6 April 2020)

Mr. ZHENG Yi (resigned on 6 April 2020)

Mr. WENG Hao (resigned on 6 April 2020)

Non-Executive Director

Ms. CHEN Shaohuan

Independent Non-Executive Directors

Mr. ZHANG Yizhao

Mr. RAO Yong

Mr. LIU Xuesheng

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Pursuant to 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive Director. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board. The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

The biography of all the Directors and members of the senior management of the Company are set out on pages 69 to 74.

REPORT OF THE DIRECTORS

DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors has entered into service contract with the Company for a term of three years, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of the non-executive Directors and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of appointment, which shall be automatically extended for another one year upon expiration of the letter of appointment, and subject to re-election at the Company's general meeting, and such letter of appointment could be terminated by giving not less than three months' prior notice in writing. None of the Directors has entered into a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

THE EXISTING SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2009 (the "Existing Share Option Scheme"). A summary of the principal terms of the Existing Share Option Scheme is set out as follows:

(1) Purpose of the Existing Share Option Scheme

The purpose of the Existing Share Option Scheme was to enable the Company to grant options of the Company to Eligible Participants with the view to achieving the following objectives.

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the Existing Share Option Scheme

Participants of the Existing Share Option Scheme included any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the "Eligible Participants").

(3) Total number of Shares available for issue under the Existing Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Existing Share Option Scheme and other schemes of the Company could not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which options could be granted under the Existing Share Option Scheme and options under the other schemes of the Company was not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Existing Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 31 December 2020, the maximum number of the Shares available for issue upon exercise of all Share options which could be granted under the Existing Share Option Scheme was 298,222,000 Shares, representing approximately 4.86% of the issued share capital of the Company as at the date of the report.

During the year ended 31 December 2020, a total of 10,000,000 options were granted, a total of 46,111,000 options were exercised, a total of 64,400,000 options were cancelled, and a total of 36,320,000 options were forfeited/lapsed. The weighted average closing prices of the Shares immediately before the dates on which the relevant share options were exercised was HK\$3.77.

(4) Maximum entitlement of each Eligible Participant

Unless approved by the shareholders of the Company, the maximum number of Shares issued and to be issued upon exercise of the options pursuant to the Existing Share Option Scheme and any other share option schemes of the Company to each participant of the Existing Share Option Scheme in any 12-month period up to and including the date of grant of the options could not exceed 1% of the total number of Shares in issue as at the date of grant.

REPORT OF THE DIRECTORS

(5) Period within which the securities must be taken up under an option

The period within which the options must be exercised was specified by the Company at the time of grant, provided that such period of time did not exceed a period of ten years commencing on the date on which the Share option was deemed to be granted and accepted.

(6) Payment on acceptance of option offer

HK\$1.00 was payable by the Eligible Participant of the Existing Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

(7) Basis of determining the subscription price

The subscription price per Share under the Existing Share Option Scheme was determined by the Board and notified to each Eligible Participant and could be no less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

(8) Termination of the Existing Share Option Scheme

The Existing Share Option Scheme remained valid until 14 June 2019 after which no further options were granted under the Existing Share Option Scheme. In respect of all options which remained exercisable on such date, the provisions of the Existing Share Option Scheme remained in full force and effect. The summary below sets out the details of options granted as at 31 December 2020 pursuant to the Existing Share Option Scheme:

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise period	Exercise price (HKD)	Balance	Grant	Exercised	Cancelled/	Balance
					as at 1 January 2020	during the year ended 31 December 2020	during the year ended 31 December 2020	forfeited/ lapsed during the year ended 31 December 2020	as at 31 December 2020
Directors SUN Yuenan	23 July 2010	1.60	23 July 2011 to 22 July 2020	2.00	2,000,000	–	2,000,000	–	–
			23 July 2012 to 22 July 2020	2.00	2,000,000	–	2,000,000	–	–
			23 July 2013 to 22 July 2020	2.00	2,000,000	–	2,000,000	–	–
			23 July 2014 to 22 July 2020	2.00	2,000,000	–	2,000,000	–	–
			23 July 2015 to 22 July 2020	2.00	2,000,000	–	2,000,000	–	–
	6 June 2012	1.36	6 June 2013 to 5 June 2022	1.50	2,004,000	–	1,000,000	–	1,004,000
			6 June 2014 to 5 June 2022	1.50	2,004,000	–	–	–	2,004,000
			6 June 2015 to 5 June 2022	1.50	2,004,000	–	–	–	2,004,000
			6 June 2016 to 5 June 2022	1.50	2,004,000	–	–	–	2,004,000
			6 June 2017 to 5 June 2022	1.50	2,004,000	–	–	–	2,004,000

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Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise period	Exercise price (HKD)	Balance as at	Grant during the	Exercised during the	Cancelled/ forfeited/ lapsed during the	Balance as at
					1 January 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2020
	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	6,000,000	–	–	–	6,000,000
		3.27	19 July 2019 to 18 July 2027	3.55	6,000,000	–	–	–	6,000,000
		3.27	19 July 2020 to 18 July 2027	3.55	6,000,000	–	–	–	6,000,000
		3.27	19 July 2021 to 18 July 2027	3.55	12,000,000	–	–	–	12,000,000
MAI Fan	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	2,000,000	–	–	–	2,000,000
		3.27	19 July 2019 to 18 July 2027	3.55	2,000,000	–	–	–	2,000,000
		3.27	19 July 2020 to 18 July 2027	3.55	2,000,000	–	–	–	2,000,000
		3.27	19 July 2021 to 18 July 2027	3.55	4,000,000	–	–	–	4,000,000
LI Haiming	23 July 2010	1.60	23 July 2015 to 22 July 2020	2.00	600,000	–	600,000	–	–
	6 June 2012	1.36	6 June 2015 to 5 June 2022	1.50	590,000	–	–	–	590,000
		1.36	6 June 2016 to 5 June 2022	1.50	590,000	–	–	–	590,000
		1.36	6 June 2017 to 5 June 2022	1.50	590,000	–	–	–	590,000
	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	1,400,000	–	–	–	1,400,000
		3.27	19 July 2019 to 18 July 2027	3.55	1,400,000	–	–	–	1,400,000
		3.27	19 July 2020 to 18 July 2027	3.55	1,400,000	–	–	–	1,400,000
		3.27	19 July 2021 to 18 July 2027	3.55	2,800,000	–	–	–	2,800,000

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Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise period	Exercise price (HKD)	Balance as at	Grant	Exercised	Cancelled/ forfeited/ lapsed	Balance as at
					1 January 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2020
RAO Yong	23 July 2010	1.60	23 July 2011 to 22 July 2020	2.00	100,000	–	100,000	–	–
		1.60	23 July 2012 to 22 July 2020	2.00	100,000	–	100,000	–	–
		1.60	23 July 2013 to 22 July 2020	2.00	100,000	–	100,000	–	–
		1.60	23 July 2014 to 22 July 2020	2.00	100,000	–	100,000	–	–
		1.60	23 July 2015 to 22 July 2020	2.00	100,000	–	100,000	–	–
	6 June 2012	1.36	6 June 2013 to 5 June 2022	1.50	100,000	–	–	–	100,000
		1.36	6 June 2014 to 5 June 2022	1.50	100,000	–	–	–	100,000
		1.36	6 June 2015 to 5 June 2022	1.50	100,000	–	–	–	100,000
		1.36	6 June 2016 to 5 June 2022	1.50	100,000	–	–	–	100,000
		1.36	6 June 2017 to 5 June 2022	1.50	100,000	–	–	–	100,000
	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	280,000	–	–	–	280,000
		3.27	19 July 2019 to 18 July 2027	3.55	280,000	–	–	–	280,000
		3.27	19 July 2020 to 18 July 2027	3.55	280,000	–	–	–	280,000
3.27		19 July 2021 to 18 July 2027	3.55	560,000	–	–	–	560,000	
ZHANG Yizhao	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	280,000	–	–	–	280,000
		3.27	19 July 2019 to 18 July 2027	3.55	280,000	–	–	–	280,000
		3.27	19 July 2020 to 18 July 2027	3.55	280,000	–	–	–	280,000
		3.27	19 July 2021 to 18 July 2027	3.55	560,000	–	–	–	560,000

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Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise period	Exercise price (HKD)	Balance as at	Grant during the	Exercised during the	Cancelled/ forfeited/ lapsed during the	Balance as at	
					1 January 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2020	
LIU Xuesheng	19 July 2017	3.27	19 July 2018 to 18 July 2027	3.55	240,000	–	–	–	240,000	
		3.27	19 July 2019 to 18 July 2027	3.55	240,000	–	–	–	240,000	
		3.27	19 July 2020 to 18 July 2027	3.55	240,000	–	–	–	240,000	
		3.27	19 July 2021 to 18 July 2027	3.55	480,000	–	–	–	480,000	
Other Employees	23 March 2010	2.62	9 June 2010 to 24 April 2022	3.105	5,350,000	–	3,728,000	–	1,622,000	
		2.62	30 March 2011 to 24 April 2022	3.105	8,250,000	–	–	–	8,250,000	
		2.62	24 April 2012 to 24 April 2022	3.105	8,500,000	–	–	–	8,500,000	
	23 July 2010	1.60	23 July 2011 to 22 July 2020	2.000	–	–	–	–	–	
		1.60	23 July 2012 to 22 July 2020	2.000	200,000	–	200,000	–	–	
		1.60	23 July 2013 to 22 July 2020	2.000	800,000	–	800,000	–	–	
		1.60	23 July 2014 to 22 July 2020	2.000	1,440,000	–	1,440,000	–	–	
		1.60	23 July 2015 to 22 July 2020	2.000	3,320,000	–	3,200,000	120,000	–	
		6 June 2012	1.36	6 June 2013 to 5 June 2022	1.500	1,680,000	–	727,000	–	953,000
			1.36	6 June 2014 to 5 June 2022	1.500	1,971,000	–	768,000	–	1,203,000
	1.36		6 June 2015 to 5 June 2022	1.500	8,316,000	–	3,882,000	–	4,434,000	
	1.36		6 June 2016 to 5 June 2022	1.500	9,736,000	–	4,642,000	–	5,094,000	
	19 July 2017	1.36	6 June 2017 to 5 June 2022	1.500	10,100,000	–	4,424,000	–	5,676,000	
		3.27	19 July 2018 to 18 July 2027	3.550	39,200,000	–	4,000,000	7,200,000	28,000,000	
		3.27	19 July 2019 to 18 July 2027	3.550	39,200,000	–	3,050,000	7,200,000	28,950,000	
		3.27	19 July 2020 to 18 July 2027	3.550	39,200,000	–	2,550,000	7,200,000	29,450,000	
3.27		19 July 2021 to 18 July 2027	3.550	78,400,000	–	–	16,000,000	62,400,000		

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Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise period	Exercise price (HKD)	Balance as at	Grant during the year ended	Exercised during the year ended	Cancelled/ forfeited/ lapsed during the year ended	Balance as at
					1 January 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2020
	22 September 2017	6.30	22 September 2018 to 21 September 2027	6.66	4,000,000	–	–	4,000,000	–
		6.30	22 September 2019 to 21 September 2027	6.66	4,000,000	–	–	4,000,000	–
		6.30	22 September 2020 to 21 September 2027	6.66	4,000,000	–	–	4,000,000	–
		6.30	22 September 2021 to 21 September 2027	6.66	8,000,000	–	–	8,000,000	–
	29 November 2017	4.18	29 November 2018 to 28 November 2027	4.37	8,200,000	–	–	8,200,000	–
		4.18	29 November 2019 to 28 November 2027	4.37	8,200,000	–	–	8,200,000	–
		4.18	29 November 2020 to 28 November 2027	4.37	8,200,000	–	–	8,200,000	–
		4.18	29 November 2021 to 28 November 2027	4.37	16,400,000	–	–	16,400,000	–
	24 January 2019	2.33	24 April 2020 to 23 April 2029	2.38	2,000,000	–	–	–	2,000,000
		2.33	24 April 2021 to 23 April 2029	2.38	2,000,000	–	–	–	2,000,000
		2.33	24 April 2022 to 23 April 2029	2.38	2,000,000	–	–	–	2,000,000
		2.33	24 April 2023 to 23 April 2029	2.38	4,000,000	–	–	–	4,000,000
	12 April 2019	3.68	24 April 2020 to 23 April 2029	3.70	6,800,000	–	600,000	400,000	5,800,000
		3.68	24 April 2021 to 23 April 2029	3.70	6,800,000	–	–	400,000	6,400,000
		3.68	24 April 2022 to 23 April 2029	3.70	6,800,000	–	–	400,000	6,400,000
		3.68	24 April 2023 to 23 April 2029	3.70	13,600,000	–	–	800,000	12,800,000
	4 November 2020	3.71	4 November 2021 to 3 November 2022	3.69	–	2,000,000	–	–	2,000,000
		3.71	4 November 2022 to 3 November 2023	3.69	–	2,000,000	–	–	2,000,000
		3.71	4 November 2023 to 3 November 2024	3.69	–	2,000,000	–	–	2,000,000
		3.71	4 November 2024 to 3 November 2025	3.69	–	4,000,000	–	–	4,000,000
Total					435,053,000	10,000,000	46,111,000	100,720,000	298,222,000

As at 31 December 2020, a total of 171,822,000 options were exercisable.

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THE NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme on 14 June 2019 (the “**New Share Option Scheme**”). A summary of the principal terms of the New Share Option Scheme is set out as follows:

(1) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant New Share Options (as defined below) to New Eligible Participants with the view to achieving the following objectives.

- (i) motivate the New Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the New Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the New Share Option Scheme

Participants of the New Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**New Eligible Participants**”).

(3) Total number of Shares available for issue under the New Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options (“**New Share Options**”) granted and yet to be exercised under the New Share Option Scheme and other schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme and options under the other schemes of the Company is 10% of the total number of Shares in issue on the Adoption Date, unless approval has been obtained from the shareholders of the Company. As at 31 December 2020, the maximum number of the Shares available for issue upon exercise of all New Share Options which may be granted under the New Share Option Scheme is 613,297,769 Shares, representing 10.0% of the issued share capital of the Company as at the Adoption Date.

During the year ended 31 December 2020, no New Share Options were outstanding or granted under the New Share Option Scheme.

(4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme to each New Eligible Participant shall not, when aggregated with (a) any Shares issued upon exercise of New Share Options granted under the New Share Option Scheme or options under the other schemes which have been granted to that New Eligible Participant; (b) any Shares which would be issued upon the exercise of outstanding New Share Options granted under the New Share Option Scheme or options under the other schemes granted to that New Eligible Participant; and (c) any cancelled shares which were the subject of New Share Options granted under the New Share Option Scheme or options under the other schemes which had been granted to and accepted by that New Eligible Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

(5) Period within which the securities must be taken up under a New Share Option

The period within which the New Share Options must be exercised will be specified by the Company at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the New Share Option is deemed to be granted and accepted.

REPORT OF THE DIRECTORS

(6) Payment on acceptance of New Share Option offer

HK\$1.00 is payable by the New Eligible Participant of the New Share Option Scheme to the Company upon acceptance of the New Share Option offered as consideration for the grant.

(7) Basis of determining the exercise price

The exercise price per Share under the New Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such New Share Option is offered in writing (the “Offer Date”); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

(8) Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain valid until 14 June 2029 after which no further New Share Options shall be offered. However, the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this New Share Option Scheme and the New Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

THE SUBSIDIARY SHARE OPTION SCHEME

Kaisa Prosperity Holdings Limited (“**Kaisa Prosperity**”), the Group’s subsidiary engaged in the property management business, adopted the subsidiary share option scheme (the “**Subsidiary Share Option Scheme**”) at the annual general meeting of Kaisa Prosperity held on 18 June 2019 (the “**Subsidiary Share Option Scheme Adoption Date**”). A summary of the principal terms of the Subsidiary Share Option Scheme is set out as follows:

(1) Purpose of the Subsidiary Share Option Scheme

The purpose of the Subsidiary Share Option Scheme is to enable Kaisa Prosperity to grant Subsidiary Share Options (as defined below) to Eligible Subsidiary Participants (as defined below) with the view to achieving the following objectives.

- (i) motivate the Eligible Subsidiary Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Subsidiary Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the Subsidiary Share Option Scheme

Participants of the Subsidiary Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**Eligible Subsidiary Participants**”).

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(3) Total number of Subsidiary Shares available for issue under the Subsidiary Share Option Scheme

The total number of Shares of Kaisa Prosperity (the “**Subsidiary Share(s)**”) which may be issued upon exercise of all Subsidiary Share options (“**Subsidiary Share Options**”) granted and yet to be exercised under the Subsidiary Share Option Scheme and other schemes of Kaisa Prosperity must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which Subsidiary Share Options may be granted under the Subsidiary Share Option Scheme and options under the other schemes of Kaisa Prosperity is 10% of the total number of Shares in issue on the Subsidiary Share Option Scheme Adoption Date, unless approval has been obtained from the shareholders of Kaisa Prosperity. As at 31 December 2020, the maximum number of the Shares available for issue upon exercise of all Subsidiary Share Options which may be granted under the Subsidiary Share Option Scheme is 15,400,000 Shares, representing 10.0% of the issued share capital of Kaisa Prosperity as at the Subsidiary Share Option Scheme Adoption Date.

During the year ended 31 December 2020, no Subsidiary Share Options were granted under the Subsidiary Share Option Scheme. The summary below sets out the details of options granted as at 31 December 2020 pursuant to the Subsidiary Share Option Scheme:

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance	Grant	Exercised	Cancelled/ forfeited/ lapsed	Balance
					as at 1 January 2020	during the year ended 31 December 2020	during the year ended 31 December 2020	during the year ended 31 December 2020	as at 31 December 2020
Directors of Kaisa Prosperity									
LIAO Chuanqiang	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	400,000	–	–	–	400,000
			19 July 2021 to 18 July 2029	15.70	400,000	–	–	–	400,000
			20 July 2022 to 18 July 2029	15.70	400,000	–	–	–	400,000
			20 July 2023 to 18 July 2029	15.70	800,000	–	–	–	800,000
GUO Li	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	120,000	–	–	–	120,000
			19 July 2021 to 18 July 2029	15.70	120,000	–	–	–	120,000
			20 July 2022 to 18 July 2029	15.70	120,000	–	–	–	120,000
			20 July 2023 to 18 July 2029	15.70	240,000	–	–	–	240,000
MA Xiumin	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
			19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
			20 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
			20 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000

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Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance as at	Grant	Exercised	Cancelled/ forfeited/ lapsed	Balance as at
					1 January 2020	during the year ended 31 December 2020	during the year ended 31 December 2020	during the year ended 31 December 2020	31 December 2020
LIU Hongbai	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	20 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	20 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000
CHEN Bin	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	20 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	20 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000
Other Employees	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	1,740,000	–	–	170,000	1,570,000
		15.36	19 July 2021 to 18 July 2029	15.70	1,740,000	–	–	170,000	1,570,000
		15.36	20 July 2022 to 18 July 2029	15.70	1,740,000	–	–	170,000	1,570,000
		15.36	20 July 2023 to 18 July 2029	15.70	3,480,000	–	–	340,000	3,140,000
Total					11,450,000	–	–	850,000	10,600,000

REPORT OF THE DIRECTORS

(4) Maximum entitlement of each Participant

Unless approved by the shareholders of Kaisa Prosperity, the maximum number of Shares in respect of which Subsidiary Share Options may be granted under the Subsidiary Share Option Scheme to each Eligible Subsidiary Participant shall not, when aggregated with (a) any Shares issued upon exercise of Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes which have been granted to that Eligible Subsidiary Participant; (b) any Shares which would be issued upon the exercise of outstanding Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes granted to that Eligible Subsidiary Participant; and (c) any cancelled shares which were the subject of Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Subsidiary Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

(5) Period within which the securities must be taken up under a Subsidiary Share Option

The period within which the Subsidiary Share Options must be exercised will be specified by Kaisa Prosperity at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the Subsidiary Share Option is deemed to be granted and accepted.

(6) Payment on acceptance of Subsidiary Share Option offer

HK\$1.00 is payable by the Eligible Subsidiary Participant of the Subsidiary Share Option Scheme to Kaisa Prosperity upon acceptance of the Subsidiary Share Option offered as consideration for the grant.

(7) Basis of determining the exercise price

The exercise price per Share under the Subsidiary Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such Subsidiary Share Option is offered in writing (the "Offer Date"); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

(8) Remaining life of the Subsidiary Share Option Scheme

The Subsidiary Share Option Scheme will remain valid until 18 June 2029 after which no further Subsidiary Share Options shall be offered. However, the provisions of the Subsidiary Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Subsidiary Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Subsidiary Share Option Scheme and the Subsidiary Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Subsidiary Share Option Scheme.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors' and Chief Executive's Interests in Securities

As at 31 December 2020, the interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

(i) Long/short positions in the Shares:

Name of Company	Name of Director	Number of ordinary Shares held				Total	Approximate percentage of the total number of shares in issue (Note 2)
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Kaisa Group Holdings Ltd.	KWOK Ying Shing (Note 1)	–	–	1,022,924,299 (L)	528,174,457 (L)	1,551,098,756 (L)	25.29%
	MAI Fan	238,000 (L)	905,000 (L)	–	–	1,143,000 (L)	0.02%
	ZHANG Yizhao	100,000 (L)	–	–	–	100,000 (L)	0.00%
Kaisa Prosperity Holdings Limited	KWOK Ying Shing	–	–	1,453,000 (L)	–	1,453,000 (L)	0.94%
Kaisa Health Group Holdings Limited	KWOK Ying Shing	–	2,020,000 (L)	308,000,000 (L)	–	310,020,000 (L)	6.15%

Notes:

- (1) Mr. Kwok Ying Shing was interested in long position in respect of 1,551,098,756 Shares, of which:
- (i) 708,033,378 Shares were held by Da Chang Investment Company Limited, a company wholly owned by Mr. Kwok Ying Shing;
 - (ii) 843,065,378 Shares were held by Da Feng Investment Company Limited, which is in turn wholly owned by Xingsheng Asia Limited. Xingsheng Asia Limited is wholly owned by Hongyi Asia Limited. Hongyi Asia Limited is wholly owned by Junjia Enterprises Corporation, which is in turn wholly owned by Bank of East Asia (Trustees) Limited ("BEA Trustees"). BEA Trustees is the trustee of 843,065,378 Shares under a family trust of which Mr. Kwok Ying Shing is the founder of the trust.
- (2) The percentages were calculated based on shares in issue of the corresponding entity as at 31 December 2020.
- (3) "L" denotes a long position while "S" denotes a short position.

REPORT OF THE DIRECTORS

(ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of the underlying Shares	Approximate percentage of shareholding of the issued share capital of the Company (Note) %
SUN Yuenan	Beneficial owner	39,020,000	0.64%
MAI Fan	Beneficial owner	10,000,000	0.16%
LI Haiming	Beneficial owner	8,770,000	0.14%
RAO Yong	Beneficial owner	1,900,000	0.03%
ZHANG Yizhao	Beneficial owner	1,400,000	0.02%
LIU Xuesheng	Beneficial owner	1,200,000	0.02%

Note:

The percentages were calculated based on 6,132,977,697 Shares in issue as at 31 December 2020.

Save for those disclosed above, as at 31 December 2020, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Schemes as set out in note 43 to the consolidated financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 14 to the consolidated financial statements, no transaction, arrangements or contract of significance to which the Company, its holding company or their subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year ended 31 December 2020.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance between the controlling shareholder of the Company or any of its subsidiaries and the Group was made during the year ended 31 December 2020.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Significant related party transactions entered by the Group for the year ended 31 December 2020 are set out in note 45 to the consolidated financial statements, which are in compliance with the requirements of the Listing Rules.

REMUNERATION POLICY

The remuneration policy (which includes the payment of the emoluments to the employees) of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' performance, qualifications and experiences. Details of the remuneration of the Directors are set out in note 14 to the consolidated financial statements, having regard to the Company's operating results, individual performance of the Directors and senior management are comparable market statistics. The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out in the report of the Directors and note 43 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

At no time during the year ended 31 December 2020, none of the Director, their close associate or a shareholder of the Company (who to the knowledge of the Directors own more than 5% of the Company's issued share capital) have any interest in any of the Group's five largest suppliers or customers.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had interests or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%) (Note 5)
Da Chang Investment Company Limited ("Da Chang")	Beneficial owner	708,033,378 (L) (Note 2)	11.54%
Da Feng Investment Company Limited ("Da Feng")	Beneficial owner	843,065,378 (L) (Note 3)	13.75%
BEA Trustees	Trustee	843,065,378 (L) (Note 3)	13.75%
Da Zheng Investment Company Limited	Beneficial owner	843,065,377 (L)	13.75%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner	649,700,957 (L)	25.07%
	Interest in a controlled corporation	887,995,149 (L) (Note 4)	
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	14.48%

REPORT OF THE DIRECTORS

Notes:

1. The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
2. Da Chang is wholly owned by Mr. Kwok Ying Shing.
3. Da Feng is wholly owned by Xingsheng Asia Limited, which is in turn wholly owned by Hongyi Asia Limited, which is in turn wholly owned by Junjia Enterprises Corporation. Junjia Enterprises Corporation is wholly owned by BEA Trustees. BEA Trustees is the trustee of 843,065,378 Shares under a family trust of which Mr. Kwok Ying Shing is the founder of the trust.
4. 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which is wholly owned by Funde Sino Life Insurance Co., Ltd. as at 31 December 2020. By virtue of SFO, Funde Sino Life Insurance Co., Ltd is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited.
5. The percentages were calculated based on 6,132,977,697 Shares in issue as at 31 December 2020.

Save for those disclosed above, as at 31 December 2020, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

PERMITTED INDEMNITY PROVISION

Under the Articles, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

ENVIRONMENTAL PROTECTION

As a responsible developer, the Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental measures to ensure that the conducting of the Group's business meets the applicable local standards and ethics in respect of environmental protection. The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving management system, enhancement on procedure monitoring, energy conservation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures have been enhanced to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, the Group has complied in material respects with the relevant laws and regulations which have a significant impact on the business and operations of the Company during the year ended 31 December 2020.

REPORT OF THE DIRECTORS

KEY RELATIONSHIPS WITH THE GROUP'S STAKEHOLDERS

Workplace Quality

The Group believes that the directors, senior management and employees of the Group are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. As such, the Share Option Scheme was adopted by the Company for the purpose of providing incentives and rewards to the Eligible Participants (as defined above) who contributed to the success of the Group's operations.

The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organised staff-friendly activities for employees, such as annual dinner, to promote staff relationship.

The Group provides on providing a safe, effective and congenial working environment. Adequate arrangements, trainings and guidelines are implemented to ensure the working environment is healthy and safe. The Group provided health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues. The Group values the health and well-being of its staff. In order to provide employees with health coverage, its employees are entitled to medical insurance benefits.

Relationships with the Group's other stakeholders

The Group placed efforts in maintaining good relationships various financial institutions and banks given that the Group's business is capital intensive and require on-going funding for the development and growth of the Group's business. Further, the Group aims at delivering constantly high standards of quality in the products to its customers in order to stay competitive. Save as disclosed in this report, the Directors are not aware of any material and significant dispute between the Group and its financial institutions and/or customers during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 46 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 were audited by Grant Thornton Hong Kong Limited. A resolution to re-appoint Grant Thornton Hong Kong Limited as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board

KWOK Ying Shing

Chairman

Hong Kong, 25 March 2021

INDEPENDENT AUDITOR'S REPORT



Grant Thornton
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To the members of Kaisa Group Holdings Ltd.

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 112 to 276, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of properties under development and completed properties held for sale</p> <p>Refer to note 5 of critical accounting estimates and judgements, note 22 of properties under development and note 23 of completed properties held for sale to the consolidated financial statements.</p> <p>As at 31 December 2020, the Group had properties under development and completed properties held for sale ("properties") amounting to RMB71,367,943,000 and RMB13,036,568,000, respectively, which in total represented approximately 27.24% of the total assets of the Group. Given the significant balance of properties under development and completed properties held for sale and the involvement of critical accounting estimates, the impairment assessment of these properties is considered a key audit matter.</p> <p>These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.</p> <p>Based on management's analysis of the net realisable value of the properties, write-down of approximately RMB2,578,917,000 were charged to profit or loss for the year ended 31 December 2020.</p>	<p>We understood and evaluated the management's procedures on identifying properties for which the net realisable values may be lower than their carrying amounts, including the methodologies and inputs used in the estimation of the net realisable values.</p> <p>Our procedures in relation to assessing the appropriateness of the valuation of these properties included:</p> <ul style="list-style-type: none"> (i) testing the calculation for the impairment assessment performed by management; (ii) assessing future costs to be incurred to completion on a sample basis; (iii) comparing the carrying amounts of the properties taking into account the estimated amounts to completion with the related net realisable value with regard to properties under development; and (iv) testing management's key estimates on a sample basis for selling price which is estimated based on prevailing market conditions. We compared the estimated selling price to the recent market transactions by reference to the Group's selling prices of pre-sale units in the same project or the prevailing market price of the comparable properties with similar type, size and location.
<p>Valuation of investment properties</p> <p>Refer to note 5 of critical accounting estimates and judgements, note 2.8 of accounting policy of investment properties and note 17 of investment properties to the consolidated financial statements.</p> <p>As at 31 December 2020, the Group had investment properties amounting to RMB34,524,400,000 which in total represented approximately 11.14% of the total assets of the Group. Given the significant balance of investment properties and the involvement of critical accounting estimates, the valuation of the investment properties is considered a key audit matter.</p> <p>The estimate of the fair value of the Group's investment properties requires significant management judgement taking into account the conditions and locations of the properties as well as the latest market transactions. To support management's determination of the fair value, the Group has engaged an external valuer to perform valuations on the investment properties at the reporting date. Different valuation techniques were applied to different types of investment properties.</p>	<p>We evaluated the independence, competence and relevant experience of the external valuer engaged by the Company.</p> <p>We also assessed the scope of the valuations, critical judgements and data used in the valuations and evaluated the methodology and assumptions used.</p> <p>In addition, we evaluated the source data used in the valuations by benchmarking them to relevant market information.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of interests in associates and joint ventures</p> <p>Refer to note 5 of critical accounting estimates and judgements, note 19(a) of investments in associates and note 19(b) of investments in joint ventures to the consolidated financial statements.</p> <p>We identified the valuation of investments in associates and joint ventures as a key audit matter due to the significance of the Group's interests in associates and joint ventures in the context of the Group's consolidated financial statements, combined with the judgements involved in management's impairment assessment of the investments in associates and joint ventures, in particular, the future prospects of each associate and joint venture.</p> <p>As at 31 December 2020, the carrying amounts of investments in associates and joint ventures amounting to RMB13,817,340,000 and RMB18,386,366,000, respectively.</p> <p>As disclosed in notes 2.3 and 2.4 to the consolidated financial statements, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less accumulated impairment in the values of individual investments. As such, the Group is required to assess at each reporting date whether there is any indication that the carrying amounts of interests in associates and joint ventures may be impaired. For those associates and joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment. As disclosed in notes 19(a) and 19(b) to the consolidated financial statements, no impairment of interests in associates and joint ventures was considered to be necessary as at 31 December 2020.</p>	<p>Our procedures in relation to the valuation of investments in associates and joint ventures included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of management's accounting for investments in associates and joint ventures; • understanding the management's process for identifying the existence of impairment indicators in respect of the interests in associates and joint ventures and evaluating the effectiveness of such process; • where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant associates and joint ventures and obtaining an understanding from management of their financial position and future development plan; and • assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as budgets, and evaluating the reasonableness of these budgets with reference to the future prospects of the associates and joint ventures as well as our knowledge of the industry and business.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

25 March 2021

Chiu Wing Ning

Practising Certificate No.: P04920

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	6	55,770,181	48,021,685
Cost of sales	7	(39,862,713)	(34,191,622)
Gross profit		15,907,468	13,830,063
Other gains and losses, net	8	334,729	(1,494,341)
Selling and marketing costs	7	(2,017,284)	(1,996,166)
Administrative expenses	7	(3,730,287)	(3,350,817)
Net fair value gain of investment properties	17	189,433	178,419
Net gain on disposals of subsidiaries	42(a)	774,075	245,581
Net gain on deemed disposals of subsidiaries	42(b)	816,560	2,460,638
Operating profit		12,274,694	9,873,377
Share of results of associates		(44,756)	92,619
Share of results of joint ventures	19(b)	37,595	(197,697)
Fair value gain/(loss) of financial derivatives		52,838	(82,191)
Finance income	9	466,546	580,269
Finance costs	9	(2,284,561)	(798,774)
Finance costs, net	9	(1,818,015)	(218,505)
Profit before income tax		10,502,356	9,467,603
Income tax expenses	10	(5,223,975)	(5,303,595)
Profit for the year		5,278,381	4,164,008
Profit/(Loss) for the year attributable to:			
Owners of the Company		5,447,125	4,594,265
Non-controlling interests		(168,744)	(430,257)
		5,278,381	4,164,008
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	12(a)	0.891	0.756
– Diluted	12(b)	0.888	0.752

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Profit for the year		5,278,381	4,164,008
Other comprehensive income/(expenses), including reclassification adjustments			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income of associates		21,944	–
Exchange differences on translation of foreign operations		19,073	(25,165)
Other comprehensive income/(expenses) for the year, including reclassification adjustments		41,017	(25,165)
Total comprehensive income for the year		5,319,398	4,138,843
Total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		5,494,815	4,578,816
Non-controlling interests		(175,417)	(439,973)
		5,319,398	4,138,843

The notes on pages 120 to 276 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	15	5,311,916	4,819,506
Right-of-use assets	16	536,993	1,358,516
Investment properties	17	34,524,400	35,309,000
Land use rights	18	720,913	753,493
Investments in associates	19(a)	13,817,340	11,918,789
Investments in joint ventures	19(b)	18,386,366	14,092,325
Financial assets at fair value through profit or loss	20	5,369,151	7,807,357
Debtors, deposits and other receivables	24	20,000	553,500
Goodwill and intangible assets	21	1,276,405	1,238,218
Long-term bank deposits	28	1,200,000	1,600,000
Deferred tax assets	34	628,380	864,268
		81,791,864	80,314,972
Current assets			
Properties under development	22	71,367,943	63,674,746
Completed properties held for sale	23	13,036,568	13,003,874
Inventories		416,781	260,302
Deposits for land acquisition	25	18,204,746	19,891,354
Prepayments for proposed development projects	26	25,004,121	23,782,080
Debtors, deposits and other receivables	24	48,468,486	33,461,565
Prepaid taxes		356,481	1,092,397
Restricted cash	27	6,248,888	6,016,455
Financial assets at fair value through profit or loss	20	5,338,349	43,034
Short-term bank deposits	28	3,585,570	2,536,724
Cash and bank balances	28	36,078,762	26,824,859
		228,106,695	190,587,390
Current liabilities			
Contract liabilities	29	49,706,027	39,388,659
Accrued construction costs		18,593,833	14,494,060
Income tax payable		12,020,469	10,739,849
Lease liabilities	30	103,208	159,694
Borrowings	31	23,069,223	31,891,998
Other payables	32	24,260,845	27,011,322
Derivative financial instruments	33	27,450	82,807
		127,781,055	123,768,389
Net current assets		100,325,640	66,819,001
Total assets less current liabilities		182,117,504	147,133,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Lease liabilities	30	453,240	1,226,605
Borrowings	31	98,401,736	85,303,554
Other payables	32	19,768	10,248
Deferred tax liabilities	34	4,523,386	4,886,993
		103,398,130	91,427,400
Net assets			
		78,719,374	55,706,573
EQUITY			
Share capital	35	538,942	534,844
Share premium	35	4,948,564	5,546,561
Perpetual capital securities	36	1,350,054	–
Reserves	37	25,496,179	19,634,942
Equity attributable to owners of the Company			
		32,333,739	25,716,347
Non-controlling interests			
		46,385,635	29,990,226
Total equity			
		78,719,374	55,706,573

Approved and authorised for issue by the Board of Directors on 25 March 2021.

Kwok Ying Shing
Director

Mai Fan
Director

The notes on pages 120 to 276 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 35)	Share premium RMB'000 (note 35)	Reserves RMB'000 (note 37)	Sub-total RMB'000		
Balance as at 1 January 2019	533,389	6,168,607	14,938,114	21,640,110	14,699,202	36,339,312
Profit/(Loss) for the year	—	—	4,594,265	4,594,265	(430,257)	4,164,008
Other comprehensive expenses for the year	—	—	(15,449)	(15,449)	(9,716)	(25,165)
Total comprehensive income/(expenses) for the year	—	—	4,578,816	4,578,816	(439,973)	4,138,843
Acquisitions of subsidiaries (note 41)	—	—	—	—	1,078,015	1,078,015
Capital injection by non-controlling interests	—	—	—	—	14,807,664	14,807,664
Disposals of subsidiaries (note 42(a))	—	—	—	—	(9,968)	(9,968)
Deemed disposals of subsidiaries (note 42(b))	—	—	—	—	(176,313)	(176,313)
Deemed disposal of a subsidiary without loss of control	—	—	(12,667)	(12,667)	43,667	31,000
Issue of shares upon exercise of share options	1,455	22,598	(9,282)	14,771	—	14,771
Dividend paid (note 11)	—	(644,644)	—	(644,644)	—	(644,644)
Dividend paid to non-controlling interests of subsidiaries	—	—	—	—	(12,068)	(12,068)
Share-based payments (note 43(a))	—	—	139,961	139,961	—	139,961
Balance as at 31 December 2019	534,844	5,546,561	19,634,942	25,716,347	29,990,226	55,706,573

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Perpetual capital securities	Reserves	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(note 35)	(note 35)	(note 36)	(note 37)				
Balance as at 31 December 2019 and 1 January 2020	534,844	5,546,561	–	19,634,942	25,716,347	29,990,226	55,706,573	
Profit/(Loss) for the year	–	–	–	5,447,125	5,447,125	(168,744)	5,278,381	
Other comprehensive income/(expenses) for the year	–	–	–	47,690	47,690	(6,673)	41,017	
Total comprehensive income/(expenses) for the year	–	–	–	5,494,815	5,494,815	(175,417)	5,319,398	
Acquisitions of subsidiaries (note 41)	–	–	–	–	–	243,558	243,558	
Capital injection by non-controlling interests	–	–	–	–	–	16,674,125	16,674,125	
Disposals of subsidiaries (note 42(a))	–	–	–	–	–	1,747	1,747	
Deemed disposals of subsidiaries (note 42(b))	–	–	–	–	–	(16,083)	(16,083)	
Deemed disposal of a subsidiary without loss of control	–	–	–	286,583	286,583	(305,574)	(18,991)	
Issue of perpetual capital securities	–	–	1,350,054	–	1,350,054	–	1,350,054	
Issue of shares upon exercise of share options	4,098	121,590	–	(33,156)	92,532	–	92,532	
Dividend paid (note 11)	–	(719,587)	–	–	(719,587)	–	(719,587)	
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	(26,947)	(26,947)	
Share-based payments (note 43(a))	–	–	–	112,995	112,995	–	112,995	
Balance as at 31 December 2020	538,942	4,948,564	1,350,054	25,496,179	32,333,739	46,385,635	78,719,374	

The notes on pages 120 to 276 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	38(a)	18,993,996	9,362,258
Income tax paid		(2,963,541)	(1,784,236)
Interest paid		(11,500,365)	(9,641,482)
<i>Net cash from/(used in) operating activities</i>		4,530,090	(2,063,460)
Cash flows from investing activities			
Additions to property, plant and equipment	15	(1,205,339)	(375,808)
Additions to investment properties	17	(1,328,967)	(1,126,521)
Additions to land use rights	18	(38,355)	–
Additions to intangible assets	21	(314,042)	(319,210)
Acquisitions of associates		(2,988,599)	(5,228,491)
Acquisitions of joint ventures	19(b)	(1,562,138)	(12,720)
Acquisitions of financial assets at FVTPL		(4,085,034)	(1,610,847)
Acquisitions of subsidiaries, net of cash acquired	41	(4,143,775)	(1,399,902)
(Increase)/Decrease in amounts due from associates		(639,100)	2,074
Increase in amounts due from joint ventures		(11,196,247)	(6,400,512)
Decrease in other receivables		382,738	542,404
Decrease/(Increase) in amounts due from non-controlling interest of a subsidiary		791,794	(2,759,803)
Increase in short-term bank deposits		(1,048,846)	(2,284,006)
Decrease/(Increase) in long-term bank deposits		400,000	(1,200,000)
Capital injection to joint ventures	19(b)	(1,189,057)	(2,375,822)
Cash inflow from disposals of subsidiaries	42(a)	813,875	304,597
Cash outflow from deemed disposals of subsidiaries	42(b)	(726,153)	(1,737,291)
Dividend income received from an associate		254,700	181,697
Dividend income received from financial assets at FVTPL	8	16,597	30,966
Interest received		975,390	885,642
Increase in consideration payables related to acquisitions of associate and joint venture		(862,101)	405,442
Increase/(Decrease) in consideration payables related to acquisitions of subsidiaries		890,720	(1,566,420)
Payment for consideration payable related to purchase of financial assets at FVTPL		(430,774)	(754,318)
Proceeds from disposals of financial assets at FVTPL		890,461	1,817,014
Proceeds from disposals of property, plant and equipment	38(a)	22,486	30,205
Proceeds from disposals of investment properties		–	266,115
Proceeds from disposal of deposits paid for land acquisition		429,933	39,400
<i>Net cash used in investing activities</i>		(25,889,833)	(24,646,115)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Capital injection by non-controlling interests		16,674,125	14,807,664
Increase/(Decrease) in other payables		742,107	(1,730,072)
(Decrease)/Increase in amounts due to associates		(560,454)	1,069,243
(Decrease)/Increase in amounts due to joint ventures		(809,768)	962,641
(Increase)/Decrease in restricted cash relating to borrowings		(186,992)	2,354,596
(Decrease)/Increase in amounts due to non-controlling interests of subsidiaries		(479,907)	162,976
Net proceeds from issuance of senior notes	31(a)	21,808,024	20,649,999
Proceeds from bank and other borrowings		19,485,815	26,820,102
Proceeds from loans from associates		–	2,610,667
Payment of lease liabilities	38(b)	(179,924)	(226,776)
Proceeds from exercise of share options		92,532	14,771
Proceeds from issuance of perpetual capital securities net of transaction costs		1,350,054	–
Proceeds from issuance of convertible bonds	31(b)	–	633,200
Repayments of bank and other borrowings		(20,293,142)	(22,296,361)
Repayments of loans from associates		(5,000)	(1,240,550)
Repayments of senior notes		(3,631,784)	(1,973,376)
Payment for repurchase of senior notes		(2,841,089)	(3,935,543)
Dividend paid		(719,587)	(644,644)
Dividend paid to non-controlling interests of subsidiaries		(26,947)	(12,068)
<i>Net cash generated from financing activities</i>		30,418,063	38,026,469
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		26,824,859	15,479,139
Exchange adjustments		195,583	28,826
Cash and cash equivalents at end of the year, represented by cash and bank balances		36,078,762	26,824,859

The notes on pages 120 to 276 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands.

The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and health care operations in the People’s Republic of China (the “PRC”).

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), which is also the currency of the primary economic environment in which most of the group entities operate (i.e. the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand (‘000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 25 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3. The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss (“FVTPL”), investment properties and financial derivatives which have been measured at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

(i) Business combinations

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

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the subsidiary's carrying value of net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Separate financial statements

In the Company's statement of financial position the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.3 Associates

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of results of associates" in profit or loss.

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

Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint ventures

The Group applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

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

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies rates are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss on a net basis within "Other gains and (losses), net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates of the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken into equity owners' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Hotel properties	20-25 years
Land and buildings	20-40 years
Machinery	5 years
Motor vehicles	5-10 years
Furniture, fitting and equipment	3-8 years
Aircraft	10 years
Vessels	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and (losses), net" in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment properties also include leased properties which are being recognised as right-of-use assets under HKFRS 16 and subleased by the Group under operating leases.

Investment property is measured initially at its cost, including related cost directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowings costs.

After initial recognition, investment property is carried at fair value, unless fair value cannot be reliably determined at that time. Where fair value of investment property under construction is not reliably measurable, 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. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Changes in fair values or the sale of an investment property are recognised in profit or loss in the period in which they arise.

If an investment property becomes owner-occupied or commence to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

2.9 Land use rights

The Group makes upfront payments to obtain operating leases of land use rights (which meet the definition of right-of-use assets). The upfront payments of the land use rights are recorded as assets. The depreciation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets and goodwill

(i) **Contracts with sports players**

Separately acquired contracts with sports players are shown at historical cost. Costs of contracts with sports players are initially recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method ranged from one to five years.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(ii) **Trademarks and patent, customer relationship, technology, distribution network and other intangible assets**

Trademarks and patent, customer relationship, technology, distribution network and other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method ranged from five to eleven years over the expected life of these intangible assets.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(iii) **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non – controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.11).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- goodwill arising on acquisition of a subsidiary;
- other intangible assets;
- property, plant and equipment;
- right-of-use assets;
- land use rights;
- investment properties; and
- the Company's interests in subsidiaries, associates and joint ventures

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade debtors that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- fair value through other comprehensive income (“FVOCI”)

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within “Finance costs, net” or “Other gains and (losses), net.”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Interest income from these financial assets is included in finance income in profit or loss. The Group's debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), restricted cash, short-term bank deposits, long-term bank deposits and cash and bank balances fall into this category of financial instruments.

Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are categorised and measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of profit or loss and other comprehensive income within "Other gains and (losses), net" in the period in which it arises. Interest income from these financial assets is included in the "Finance costs, net" in profit or loss.

Equity investments

Investments in equity instruments are classified as FVTPL unless these equity instruments are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other gains and (losses), net" in profit or loss.

Financial liabilities and equity

Classification and measurement of financial liabilities

The Group's financial liabilities include accrued construction cost, lease liabilities, borrowings and other payables (excluding deed tax and other tax payables and deposits received).

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives designated at FVTPL, which are carried subsequently at fair value with "Other gains or (losses), (net)" recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "Finance costs, net" in profit or loss.

Accounting policies of lease liabilities are set out in note 2.26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Classification and measurement of financial liabilities (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity or derivative liability according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the call option for conversion of the bond into equity, is included in equity as convertible bond equity reserve.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry. The derivative liability component of a convertible bond is measured at fair value with changes in fair value recognised in profit or loss. When the bond is converted, the equity component of convertible bond and the carrying value of the liability component at the time of conversion are transferred to share capital as consideration for the shares issued. If the bond is redeemed, the convertible bond equity reserve is released directly to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Classification and measurement of financial liabilities (Continued)

Accrued construction cost and other payables

Accrued construction cost and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

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

2.13 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise expected credit losses ("ECL") – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade debtors recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade debtors

For trade debtors, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade debtors have been grouped based on shared credit risk characteristics and the days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable information that demonstrate otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

(i) *Measurement of ECLs*

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit – impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant of financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position as the loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the relevant assets.

(ii) *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.15 Properties under development

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets in note 2.26, properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised less applicable variable selling expenses and anticipated cost to completion.

Development cost of properties comprises mainly construction costs, land use rights in relation to properties under development for subsequent sale, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle.

2.16 Completed properties held for sale

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets in note 2.26, completed properties remaining unsold at each reporting date are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held by banks, other short-term high liquidity investment with original maturities of three months or less.

Restricted cash, short-term bank deposits and long-term bank deposits are not included in cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.18 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.25). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.12).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.19 Share capital

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

2.20 Perpetual Capital Securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity. These are initially recognised at their fair value on the date of issuance and are not subsequently remeasured.

2.21 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) **Deferred income tax**

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for its associate, unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

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

(iii) **Offsetting**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

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

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. No forfeited contribution under the defined contribution retirement benefit plans is available to reduce the contribution payable in future years. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. No forfeited contribution under the defined contribution retirement benefit plans is available to reduce the contribution payable in future years.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Bonus entitlements

The expected cost of bonus payment is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(v) Share-based payments

The Group operates equity-settled share option schemes, which the entity receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

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

2.24 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.25 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when (or as) performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative standalone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Future details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of properties

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the law that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Revenue recognition (Continued)

(i) Sales of properties (Continued)

For properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress, i.e. the costs incurred up to date compared with the total budgeted costs, which depict the Group's performance towards satisfying the performance obligation.

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Deposits and instalments received from purchasers prior to delivery of the properties to the customers are contract liabilities.

For property sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(ii) Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

(iii) Hotel operation income

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

(iv) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered. The Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group satisfies performance obligations by transferring the services to its customers.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Pre-delivery and consulting services to non-property owners mainly includes fees for construction sites management, display units and property sales venues management and consulting services to property developers at the pre-delivery stage, and property management consulting services provided to other property management companies which are billed based on actual level of services provided at pre-determined price and revenue is recognised when such services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Revenue recognition (Continued)

(v) **Catering income**

Revenue from restaurant operations is recognised when food, beverages and services are delivered to or rendered to and have been accepted by customers

(vi) **Hire income from charter**

Hire income from time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

(vii) **Passenger transportation agency service**

Revenue from passenger transportation agency service are recognised based on net agencies fee upon departure of ferries at terminals.

(viii) **Sales of goods**

The Group manufactures and sells a range of consumer products, including dental prosthetics. Revenue from sales of goods are recognised when the products have been delivered to and accepted by customers.

(ix) **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. For financial assets measured at amortised cost are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

2.26 Leases

(a) **Definition of lease and the Group as a lessee**

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Leases (Continued)

(a) Definition of lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets (except for those meeting the definition of investment properties) for impairment when such indicator exists. Those right-of-use assets meeting the definition of investment properties are subsequently measured at fair value, in accordance with the Group's accounting policies.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise IT-equipment and small items of office equipment.

On the consolidated statement of financial position, right-of-use assets that do not meet the definition of investment property have been included in "Right-of-use assets" are presented under non-current assets. Right-of-use assets that meet the definition of investment property are presented within "investment property". The prepaid lease payments for leasehold land are presented as "Land use rights" under non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Leases (Continued)

(a) Definition of lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

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

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The Group sub-leases some of its properties and the sub-lease contracts are classified as operating leases.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.27 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the board of directors, where applicable.

2.28 Financial guarantee liabilities

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "Other payables". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.13 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

2.29 Government grants

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

Government grants relating to property, plant and equipment are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to income is presented in gross under "Other gains and (losses), net" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.30 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2020

In the current year, the Group has applied for the first time the following amended standards and revised conceptual framework issued by HKICPA, which are relevant to the Group's operations and effective for the consolidated financial statements for the annual period beginning on 1 January 2020:

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

Amendments to HKFRS 3 "Definition of a Business"

The amendments narrowed and clarified the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that a business is considered as an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Guidance and illustrative examples are provided to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add an optional concentration test that permits simplified assessment of whether an acquired set of activities and assets is not a business; and
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The application of these amendments has had no significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

3.1 Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2020 (Continued)

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 "Interest Rate Benchmark Reform"

The amendments provide certain temporary reliefs from applying specific hedge accounting requirements in order to deal with the potential effects of uncertainties caused by interbank offered rates ("IBOR") reform ("Reform").

In addition, the amendments require entities to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

The application of these amendments has had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended standards have been published but are not yet effective, and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4, and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's major financial instruments include financial assets at FVTPL, debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), long-term and short-term bank deposits, cash and bank balances, restricted cash, accrued construction costs, other payables, lease liabilities, derivative financial instruments and borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

4.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Risk management is carried out by the Group's management under the supervision of the Board. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Board provides guidance for overall risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Market risk

Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that borrowings are denominated in other currencies. As at 31 December 2020 and 2019, the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting dates are as follows:

	2020 RMB'000	2019 RMB'000
Monetary assets		
United States Dollars ("US\$")	5,940,094	6,049,293
Hong Kong Dollars ("HK\$")	2,789,028	338,543
Euro ("EUR")	172,018	377,702
	8,901,140	6,765,538
Monetary liabilities		
US\$	70,954,775	58,827,932
HK\$	2,493,072	1,265,318
	73,447,847	60,093,250

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	2020		2019	
	Sensitivity rate %	Increase/ (Decrease) in profit or loss and equity RMB'000	Sensitivity rate %	Increase/ (Decrease) in profit or loss and equity RMB'000
USD	5%	3,424,034	5%	2,729,259
HKD	5%	93,237	5%	50,571
EUR	5%	(780)	5%	(695)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nevertheless, the analysis above is mainly as a result of the net foreign exchange gains/losses on translation of US\$ and HK\$ denominated financial assets at FVTPL, cash and bank balances, long-term and short-term bank deposits, debtors, deposits and other receivables and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Market risk (Continued)

Interest rate risk

The Group's interest-bearing assets and liabilities are mainly restricted cash, long-term and short-term bank deposits, cash and bank balances, certain bank and other borrowings, senior notes and convertible bonds. Restricted cash, long-term and short term bank deposits, cash and bank balances, and certain bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, certain bank and other borrowings, convertible bonds and lease liabilities issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2020, if interest rates on assets and liabilities had been increased/decreased by 100 (2019: 100) basis point with all variables held constant, the Group's post-tax profit for the year would have been RMB95,301,000 decreased/increased (2019: RMB109,332,000 decreased/increased). Majority of the interest expenses would be capitalised as a result of such interest expenses directly attributable to the property construction.

Price risk

The Group is exposed to equity securities price risk in connection with the Group's investment in listed equity securities classified as financial assets at FVTPL. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's consolidated financial statements.

If the price of listed equity securities had been 5% (2019: 5%) increased/decreased, post-tax profit for the year ended 31 December 2020 would have been increased/decreased by approximately RMB114,389,000 (2019: RMB9,679,000).

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's credit risk primarily arises from debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), restricted cash, long-term and short-term bank deposits, and cash and bank balances. The Group has policies in place to ensure that sales are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is largely mitigated. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and buyers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 39. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

The credit risk of long-term bank deposits, short-term bank deposits, restricted cash and cash and bank balances is limited because the counterparties are either state-owned banks located in the PRC or banks with high credit ratings.

For financial assets at amortised cost include other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

Trade debtors

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade debtors.

To measure the ECL of trade debtors, trade debtors have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2020 and 2019, there was no concentration of credit risk with respect to trade debtors as the Group has a large number of customers. Credit losses for trade debtors are assessed on both individual and collective basis.

The loss allowance provision of trade debtors as at 31 December 2020 and 2019 is determined as follows, the ECL provision below also incorporate forward-looking information.

Trade debtors	Current	More than 180 days past due	More than 1 year past due	Total
2020				
Expected loss rate	0.1%-0.5%	1%-5%	10%-100%	
Gross carrying amount (note 24(a)) (RMB'000)	1,620,525	241,848	315,438	2,177,811
Loss allowance provision (note 24(a)) (RMB'000)	4,554	4,781	48,665	58,000
Trade debtors	Current	More than 180 days past due	More than 1 year past due	Total
2019				
Expected loss rate	0.1%-0.5%	1%-5%	10%-60%	
Gross carrying amount (note 24(a)) (RMB'000)	932,097	293,499	119,926	1,345,522
Loss allowance provision (note 24(a)) (RMB'000)	1,082	13,770	57,620	72,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

Deposits and other receivables (excluding prepayments and prepaid other taxes)

For financial assets at amortised cost include other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. Credit losses for deposits and other receivables (excluding prepayments and prepaid other taxes) are assessed on both individual and collective basis.

A summary of the assumptions underlying the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

Deposits and other receivables (excluding prepayments and prepaid other taxes) (Continued)

As at 31 December 2020 and 2019, the Group provides for credit losses against other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries as follows:

2020

Company internal credit rating	Expected credit loss rates	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RMB'000	Loss allowance provision RMB'000	Carrying amount (net of impairment provision) RMB'000
Performing	1-10%	12 month expected losses	40,751,249	(1,098,335)	39,652,914
Underperforming	10%-20%	Lifetime expected losses	213,095	(42,619)	170,476
Non-performing	30%-50%	Lifetime expected losses	1,083,123	(786,966)	296,157
Total			42,047,467	(1,927,920)	40,119,547

2019

Company internal credit rating	Expected credit loss rates	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RMB'000	Loss allowance provision RMB'000	Carrying amount (net of impairment provision) RMB'000
Performing	1-10%	12 month expected losses	25,453,753	(799,919)	24,653,834
Non-performing	30%-50%	Lifetime expected losses	1,378,543	(269,775)	1,108,768
Total			26,832,296	(1,069,694)	25,762,602

No significant change to estimation techniques or assumptions was made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

Deposits and other receivables (excluding prepayments and prepaid other taxes)(Continued)

The loss allowance provision for deposits and other receivables (excluding prepayments and prepaid other taxes) as at 31 December 2020 and 2019 reconciles to the opening loss allowance for that provision as follows:

	Performing RMB'000	Underperforming RMB'000	Non-performing RMB'000	Total RMB'000
Opening loss allowance as at 1 January 2019	548,215	6,662	204,817	759,694
Individual financial assets transferred to underperforming and non-performing	(102,407)	–	102,407	–
Provision for loss allowance recognised in profit or loss during the year	354,111	–	74,957	429,068
Written off	–	(6,662)	(112,406)	(119,068)
Closing loss allowance as at 31 December 2019 and 1 January 2020	799,919	–	269,775	1,069,694
Individual financial assets transferred to underperforming and non-performing	(58,722)	–	58,722	–
Provision for loss allowance recognised in profit or loss during the year	357,138	42,619	458,469	858,226
Closing loss allowance as at 31 December 2020	1,098,335	42,619	786,966	1,927,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Credit risk (Continued)

Deposits and other receivables (excluding prepayments and prepaid other taxes) (Continued)

	Trade debtors RMB'000	Deposits and other receivables (excluding prepayments and prepaid other taxes) RMB'000	Total RMB'000
Closing loss allowance as at 1 January 2019	23,470	759,694	783,164
Provision for loss allowance recognised in profit or loss during the year (note 8)	49,002	429,068	478,070
Written off	–	(119,068)	(119,068)
Closing loss allowance as at 31 December 2019 and 1 January 2020	72,472	1,069,694	1,142,166
Provision for loss allowance recognised in profit or loss during the year (note 8)	18,227	858,226	876,453
Written off	(32,699)	–	(32,699)
Closing loss allowance as at 31 December 2020	58,000	1,927,920	1,985,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Liquidity risk

Management aims at maintaining sufficient cash and bank balances or having available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, short-term and long-term bank and other borrowings to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the years ended 31 December 2020 and 2019. As at 31 December 2020, the Group's total borrowings stood at RMB121,470,959,000 (2019: RMB117,195,552,000). During the year ended 31 December 2020, in order to properly manage the Group's liquidity risk and capital structure, the Group has issued several batches of senior notes with an aggregated principal amount of RMB22,016,058,000 (2019: RMB20,872,250,000).

Except for the aforementioned recent development, the Group has certain alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adopt the changing local real estate market environment, implementing cost control measures, accelerating sales with more flexible pricing, seeking partners to develop quality projects and renegotiating payment terms with counterparties for certain land acquisitions. The Group will pursue such options based on its assessment of relevant future costs and benefits.

With the aforementioned activities and plans, the directors of the Company considered the Group's liquidity risk has been controlled. The directors of the Company have reviewed the working capital forecast of the Group for the 12 months from 31 December 2020 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

Liquidity risk (Continued)

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

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020					
Accrued construction costs	18,593,833	–	–	–	18,593,833
Borrowings	31,374,990	76,214,984	33,450,950	1,697,535	142,738,459
Other payables	24,260,845	19,768	–	–	24,280,613
Lease liabilities	137,953	104,460	204,977	272,251	719,641
	74,367,621	76,339,212	33,655,927	1,969,786	186,332,546
Financial guarantees issued: Maximum amount guaranteed (note 39)	27,272,582	–	–	–	27,272,582
	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2019					
Accrued construction costs	14,494,060	–	–	–	14,494,060
Borrowings	41,779,534	33,132,489	66,036,584	3,153,779	144,102,386
Other payables	27,011,322	10,248	–	–	27,021,570
Lease liabilities	241,716	200,618	502,587	1,045,943	1,990,864
	83,526,632	33,343,355	66,539,171	4,199,722	187,608,880
Financial guarantees issued: Maximum amount guaranteed (note 39)	32,816,544	–	–	–	32,816,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management

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

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and prepare the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated statement of financial position) less cash and bank balances, long-term and short-term bank deposits and restricted cash.

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

	2020 RMB'000	2019 RMB'000
Total borrowings (note 31)	121,470,959	117,195,552
Less: Cash and bank balances, long-term and short-term bank deposits (note 28) and restricted cash (note 27)	(47,113,220)	(36,978,038)
Net debt	74,357,739	80,217,514
Total equity	78,719,374	55,706,573
Gearing ratio	94.46%	144.00%

The gearing ratio for 2020 was lower than that for 2019 as a result of the increase in profit for the year as well as issue of perpetual capital securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

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

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2020				
Assets				
Financial assets at FVTPL	2,421,118	2,692,525	5,593,857	10,707,500
Liabilities				
Derivative financial instruments	–	–	27,450	27,450
As at 31 December 2019				
Assets				
Financial assets at FVTPL	258,114	1,209,339	6,382,938	7,850,391
Liabilities				
Derivative financial instruments	–	–	82,807	82,807

There was no transfer into or out of level 3 during the year ended 31 December 2020.

During the year ended 31 December 2019, financial assets at FVTPL related to investment in equity fund which invest in automobile business amounting to RMB199,131,000 were transferred in level 3 to level 1.

The nominal value less impairment provisions of debtors and other receivables and the nominal value of accrued construction costs and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(ii) Financial instruments in level 2

As at 31 December 2020, the fair value of unlisted debt securities of RMB2,692,525,000 in level 2 are determined by reference to the quoted market makers. As at 31 December 2019, the fair value of unlisted managed funds of RMB1,209,339,000 in level 2 were determined by reference to the net asset values of these investments prescribed by a financial institution, which is based on the fair value of the underlying investments. Fair value gain on financial assets at FVTPL of RMB326,136,000 (2019: RMB57,489,000) was included in "other gains and (losses), net" in the profit or loss for the year ended 31 December 2020.

(iii) Financial instruments in level 3

Information about level 3 financial derivatives' fair value measurements

The following table presents the changes in level 3 financial assets for the year ended 31 December 2020 and 2019:

	2020 RMB'000	2019 RMB'000
At 1 January	6,382,938	6,636,349
Additions	43,113	246,132
Derecognition	(97,713)	(1,904,427)
Net fair value (loss)/gain recognised in profit or loss	(731,934)	1,404,884
Exchange realignment	(2,547)	—
At 31 December	5,593,857	6,382,938

Additions during the year ended 31 December 2020 mainly represented unlisted investment fund units in properties development and other businesses in the PRC. Disposal during the year ended 31 December 2020 represented unlisted investment fund units in properties development and other business in the PRC.

For the financial assets at FVTPL, the net fair value loss on financial assets at FVTPL amounting to RMB731,934,000 (2019: fair value gain on RMB1,404,884,000) was included in "other gains and (losses), net" in the profit or loss for the year ended 31 December 2020. For the financial derivative, the fair value gain of financial derivatives amounting to RMB52,838,000 (2019: fair value loss of RMB82,191,000) was included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. Information for the derivative financial instruments as detail disclosed in note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(iii) Financial instruments in level 3 (Continued)

Information about level 3 financial derivatives' fair value measurements (Continued)

The fair value of financial instruments is determined by using the market approach model. The valuation techniques and significant unobservable inputs of the financial assets at FVTPL and derivative financial instruments are as follows:

Financial instrument	Valuation techniques	Significant unobservable inputs	Range	Sensitivity relationship of unobservable inputs to fair value
Financial assets at FVTPL	Market approach method	Price to book ratios (2019: Price to book ratios)	0.5 to 4.1 (2019: 0.66 to 2.75)	Increase/(decrease) in price to book (2019: price to book)
		Discount for lack of marketability (2019: Discount for lack of marketability)	20% (2019: 20%)	Increase/(decrease) in discount rate would result in increase/(decrease) in fair value
Derivative financial instruments	Binomial option pricing model	Expected volatility (2019: Expected volatility)	43.85% to 45.90% (2019: 50.4% to 56.07%)	Increase/(decrease) in expected volatility would result in increase/(decrease) in fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Since one or more of the significant inputs are not based on observable market data, the fair value measurement of these instruments are categorised as level 3. For disclosures of fair value measurement of the Group's investment properties, details are disclosed in note 17 to the consolidated financial statements.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2020 and 2019 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	2020		2019	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Borrowings:				
– Senior notes (note 31(a))	68,324,036	73,377,953	56,418,863	56,416,773

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangement and similar agreements during the years ended 31 December 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

5.1 Key estimation of uncertainties

Estimates and judgements used in preparing the consolidated financial statements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) **Fair value of investment properties**

Investment properties, including those completed investment properties and investment properties under construction, are carried at fair value in the consolidated statement of financial position and the changes in the fair value recognised in the profit or loss. It obtains independent valuations at least annually. In making the judgement, consideration is given to assumptions that are mainly based on market conditions existing at the reporting date, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. Changes in subjective input assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in note 17 to the consolidated financial statements.

As at 31 December 2020, the aggregate fair value of the Group's investment properties amounted to RMB34,524,400,000 (2019: RMB35,309,000,000) based on the valuation performed by an independent professional valuers.

(ii) **Provision for properties under development and completed properties held for sale**

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

As at 31 December 2020, based on management's best estimates, the Group has made a provision of RMB3,320,627,000 (2019: RMB1,499,464,000) for properties under development and completed properties held for sale.

(iii) **Provision for prepayments for proposed development projects and deposits for land acquisitions**

The Group assesses the carrying amounts of deposits for land acquisitions and prepayments for proposed development projects according to their recoverable amounts based on the realisability of these land use rights and property development projects, taking into account estimated net sales values based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

As at 31 December 2020, the carrying amounts of prepayments for proposed development projects and deposits for land acquisitions are RMB25,004,121,000 (2019: RMB23,782,080,000) and RMB18,204,746,000 (2019: RMB19,891,354,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

5.1 Key estimation of uncertainties (Continued)

(iv) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (other than goodwill) at the reporting date. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amounts of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 December 2020, based on management's best estimates, the Group has made a provision of RMB149,316,000 (2019: RMB149,316,000), RMB20,461,000 (2019: RMB20,461,000), RMB658,685,000 (2019: RMB658,685,000) and RMB473,361,000 (2019: RMB473,361,000) for property, plant and equipment, land use rights, investments in associates and intangible assets (other than goodwill) respectively.

(v) Income taxes, land appreciation taxes, withholding taxes and deferred income taxes

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income taxes and withholding taxes on undistributed earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, the deferred income tax charge and deferred tax liabilities would have been increased by the same amount of approximately RMB1,270,162,000 (2019: RMB1,205,465,000).

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its land appreciation taxes calculation and payments with any local tax authorities in the PRC for most of its property projects. Accordingly, judgement is required in determining the amount of the land appreciation tax. The Group recognises these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

5.1 Key estimation of uncertainties (Continued)

(vi) Intangible assets – contracts with various sports players

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

The life of the intangible assets ranges from 1 to 5 years based on the respective sports players' contract. These are reviewed annually on a player by player basis to determine whether there are indicators of impairment. Determining whether the intangible asset should be impaired at the reporting date, factors such as whether the sports player will remain an active member of the playing squad and an assessment of the league that the football team will be playing in will be taken into account.

As at 31 December 2020, the carrying amount of the intangible asset is RMB316,841,000 (2019: RMB280,829,000).

(vii) Provision for impairment of trade debtors and other receivables

Under HKFRS 9, the Group makes allowances on items subjects to ECL (including debtors, deposits and other receivables (excluding prepayments and prepaid other taxes)) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.13 As at 31 December 2020, the aggregate carrying amounts of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) amounted to RMB42,239,358,000 (net of ECL allowance of RMB1,985,920,000) (2019: RMB27,035,652,000 (net of ECL allowance of RMB1,142,166,000)).

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL of HKFRS 9 and credit losses in the periods in which such estimate has been changed.

(viii) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of CGU is determined based on value-in-use calculations which require the use of assumptions. Details of impairment assessment and key assumptions are disclosed in note 21(a).

(ix) Fair value measurement of financial instruments

Financial asset at FVTPL amounting to RMB5,593,857,000 (2019: RMB6,382,938,000) as at 31 December 2020 is measured at fair value with fair value being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further disclosures regarding the fair value measurement of these financial assets are set out in note 4.3.

(x) Impairment of associates and joint ventures

The investments in associates or joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of investments is evaluated based on the financial position of associates or joint ventures, historical and expected future performance by management judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of the investments.

As at 31 December 2020, based on management's best estimates, the Group has made a provision of RMB658,685,000 (2019: RMB658,685,000) for investments in associates. The carrying amounts of investments in associates and joint ventures are RMB13,817,340,000 and RMB18,386,366,000 (2019: RMB11,918,789,000 and RMB14,092,325,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

5.2 Critical accounting judgements

(i) Revenue recognition from sales of properties

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

The Group recognises property development revenue over time by reference to the progress toward complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

The Group recognised sales of properties over time amounted to RMB2,819,415,000 (2019: RMB2,011,751,000) (note 6) for the year ended 31 December 2020.

(ii) Classification of financial assets at FVTPL

Note 20 describes that the investment in an unlisted entity is treated as financial assets at FVTPL although the Company has 21.98% effective equity interest in this investee. The Group is entitled to appoint a director of the investee's board of directors out of a total of seven. In making the judgement, the directors of the Company considered the majority ownership of the investee is concentrated by a major shareholder who operate the investee and direct all the relevant financing and operating decisions relating to daily investment activities for the investee by simple majority votes without regard to the views of the Group and concluded that it does not have sufficient significant influence over the relevant activities of this investee or to participate in their operations. Accordingly, the investee is classified as financial assets at FVTPL.

(iii) Business combinations and control over Kaisa Health Group Holdings Limited ("Kaisa Health Group")

The Group has de facto control over Kaisa Health Group in November 2019 and since then the Group's 42.89% interest at the completion date of right issue of Kaisa Health Group (2019: 42.89%) is accounted for and consolidated into the consolidated financial statements of the Group as a subsidiary. The directors of the Company assessed whether the Group has control over Kaisa Health Group based on whether the Group has the practical ability to direct the relevant activities of Kaisa Health Group unilaterally. Key judgments adopted in concluding the Group has obtained control in Kaisa Health Group are: the Group has held a majority of the voting rights exercised at Kaisa Health Group's shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; the shareholding of other non-controlling interests is dispersed and the chance of all other shareholders getting together to vote against the Group is remote; and the Group has obtained effective control over majority of the board of Kaisa Health Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Fair value gain/(loss) of financial derivatives, net fair value (loss)/gain on financial assets at FVTPL, net loss/(gain) on repurchase of senior notes, corporate and other unallocated expenses, finance income, finance costs and income tax expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of property development, property investment, property management services, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation operation and regarded these being the reportable segments. During the year ended 31 December 2020, the health care business has become significant to the Group and presented as a separate segment.

As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market primarily in the PRC, and over 90% of the Group's assets are located in the PRC, no geographical segment information is presented.

Revenue for the year ended 31 December 2020 and 2019 consists of the following:

	2020 RMB'000	2019 RMB'000
Sales of properties	51,194,413	43,848,644
Rental income	543,704	455,728
Property management services	1,349,154	912,299
Hotel and catering operations	263,415	276,862
Cinema, department store and cultural centre operations	158,185	664,433
Water-way passenger and cargo transportation	424,371	869,842
Health care operations	490,999	223,532
Others	1,345,940	770,345
	55,770,181	48,021,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Other information:										
Depreciation										
– property, plant and equipment (notes 7 and 15)	66,298	7,248	3,791	24,029	10,239	62,638	8,317	5,809	7,718	196,087
– right-of-use assets (notes 7 and 16)	61,846	9,610	2,089	8,729	6,060	5,263	1,838	44,425	(7,983)	131,877
Amortisation of intangible assets (notes 7 and 21)	–	–	2,507	–	268,126	–	44,793	3,729	–	319,155
Depreciation of land use rights (notes 7 and 18)	8,515	–	–	9,891	1,224	–	737	–	–	20,367
Write-down of completed properties held for sale and properties under development (note 8)	2,578,917	–	–	–	–	–	–	–	–	2,578,917
Written off of debtors and other receivables (note 8)	476,510	–	–	–	–	–	–	–	–	476,510

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	862,743,144	43,746,564	7,464,778	3,909,126	10,849,454	30,103,753	9,703,569	161,868,564	(832,182,754)	298,206,198
Unallocated										11,692,361
Total assets										309,898,559
Segment liabilities	644,520,805	4,030,193	4,726,775	3,327,312	12,347,955	22,619,296	5,683,350	136,677,415	(755,128,110)	78,804,991
Unallocated										152,374,194
Total liabilities										231,179,185
Other information:										
Capital expenditure (notes 15, 16, 17, 18 and 21)	153,652	1,329,052	5,897	332,053	320,667	269,568	206,408	400,843	–	3,018,140
Investments in associates	2,738,493	–	14,700	–	–	–	–	235,406	–	2,988,599
Investments in joint ventures (note 19(b))	2,701,195	–	–	–	–	–	–	50,000	–	2,751,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Other information:										
Depreciation										
– property, plant and equipment (notes 7 and 15)	80,056	4,463	6,582	25,110	7,106	43,055	7,212	15,280	827	189,691
– right-of-use assets (notes 7 and 16)	52,559	6,043	2,020	7,938	11,859	4,547	–	97,915	–	182,881
Amortisation of intangible assets										
(notes 7 and 21)	–	–	819	–	251,021	–	91,050	–	–	342,890
Depreciation of land use rights										
(notes 7 and 18)	8,515	–	–	7,898	1,745	–	–	–	–	18,158
Loss on disposal of investment properties										
(note 8)	–	193,825	–	–	–	–	–	–	–	193,825
Loss on disposal of deposits for land										
acquisitions (note 8)	40,753	–	–	–	–	–	–	–	–	40,753
Loss on derecognition of interest in										
an associate (note 8 and 19(a))	252,016	–	–	–	–	–	–	–	–	252,016
Impairment loss on goodwill										
(notes 8 and 21)	–	–	–	–	–	–	203,931	–	–	203,931
Impairment loss on intangible assets										
(notes 8 and 21)	–	–	–	–	–	–	473,361	–	–	473,361
Write-down of completed properties										
held for sale and properties under	367,737	–	–	–	–	–	–	–	–	367,737
development (note 8)										
Written off of intangible assets										
(notes 8 and 21)	–	–	–	–	22,230	–	–	–	–	22,230
Written off of debtors and										
other receivables (note 8)	195,500	–	566	–	–	79,185	–	–	–	275,251
Segment assets										
Unallocated	634,693,133	44,219,135	5,500,989	4,606,920	4,199,238	27,786,843	8,166,274	122,398,248	(590,475,474)	261,095,306
										9,807,056
Total assets										
										270,902,362
Segment liabilities										
Unallocated	486,880,843	6,447,349	3,065,795	4,199,199	5,118,559	20,494,836	4,757,522	103,396,726	(531,595,390)	102,765,439
										112,430,350
Total liabilities										
										215,195,789
Other information:										
Capital expenditure (notes 15, 16, 17 and 21)										
	46,543	1,158,811	8,595	10,517	363,305	124,613	27,724	823,661	–	2,563,769
Investments in associates										
	2,668,593	–	–	–	–	–	2,184,001	838,503	–	5,691,097
Investments in joint ventures (note 19(b))										
	2,326,022	–	2,520	–	–	–	–	60,000	–	2,388,542

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

For the years ended 31 December 2020 and 31 December 2019, none of the Group's customer accounted for more than 10% of the Group's total revenue.

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the profit or loss.

As at 31 December 2020, segment assets of property development segment, property management, cinema, department store and cultural centre operations, health care operations and others segment included the investments in associates accounted for using the equity method totalling approximately RMB8,226,990,000, RMB14,726,000, RMB1,000, RMB2,159,492,000 and RMB3,416,131,000 (2019: RMB5,763,080,000, nil, nil, RMB2,200,273,000 and RMB3,955,436,000) respectively. In addition, the segment assets of property development segment, property management segment and other segment included the investments in joint ventures accounted for using the equity method totalling RMB18,159,688,000, RMB102,805,000, RMB32,027,000 and RMB91,846,000 (2019: RMB14,030,585,000, nil, RMB2,108,000 and RMB59,632,000) respectively.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, investments in joint ventures, investments in associates, goodwill and intangible assets, land use rights, properties under development, completed properties held for sale, inventories, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits, long-term bank deposits, and cash and bank balances. They exclude financial assets at FVTPL, deferred tax assets and prepaid taxes.

Segment liabilities consist primarily of contract liabilities, accrued construction costs, operating borrowings and other payables. They exclude lease liabilities, deferred tax liabilities, income tax payable, corporate borrowings and derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2020 RMB'000	2019 RMB'000
Auditor's remunerations		
– Audit services	8,000	7,000
– Non-audit services	3,200	2,800
Advertising and other promotional costs	773,812	655,115
Agency fee	763,228	644,043
Depreciation of land use rights (note 18)	20,367	18,158
Amortisation of intangible assets (note 21)	319,155	342,890
Bank charges	107,843	16,092
Cost of properties sold	35,874,625	31,096,871
Depreciation		
– property, plant and equipment (note 15)	196,087	189,691
– right-of-use assets (note 16)	131,877	182,881
Direct operating expenses arising from		
– investment properties	217,334	97,561
– property management services	1,207,427	577,056
– hotel and catering operations	101,817	107,518
– cinema, department store, and cultural centre operations	948,705	564,918
– water-way passenger and cargo transportation	413,091	635,350
Donations	248,112	188,044
Entertainment	141,551	99,717
Legal and professional fees	605,926	565,220
Office expenses	245,654	191,717
Minimum lease payments under operating leases (note)	23,097	11,378
Others	434,386	943,913
Other taxes	473,108	465,997
Staff costs – including directors' emoluments (note 13)	2,316,105	1,888,554
Travelling	35,777	46,121
	45,610,284	39,538,605

Note: According to HKFRS 16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss for the years ended 31 December 2020 and 2019. Short-term leases are leases with a lease term of less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER GAINS AND (LOSSES) – NET

	2020	2019
	RMB'000	RMB'000
Compensation paid	(145,033)	–
Dividend income received from		
– listed financial assets at FVTPL	300	72
– unlisted financial assets at FVTPL	16,297	30,894
Forfeited customer deposits	4,887	9,295
Government subsidy income (note)	153,740	83,217
Net loss on disposals of investment properties	–	(193,825)
Loss on disposals of property, plant and equipment (note 38(a))	(6,768)	(17,987)
Loss on disposal of deposits for land acquisition	–	(40,753)
Net fair value (loss)/gain on financial assets at FVTPL	(307,182)	1,380,931
Net exchange gain/ (losses)	4,670,815	(816,497)
Loss on derecognition of interest in an associate (note 19(a))	–	(252,016)
Impairment loss on intangible assets (note 21)	–	(473,361)
Impairment loss on goodwill (note 21)	–	(203,931)
Net (loss)/gain on repurchase of senior notes (note 31(a))	(5,403)	178,438
Provision for ECL (note 4.1)	(876,453)	(478,070)
Remeasurement losses resulting from associates and joint ventures (note 41(c))	(192,272)	–
Write-down of completed properties held for sale and properties under development (note 41(c))	(2,578,917)	(367,737)
Written off of intangible assets (note 21)	–	(22,230)
Written off of debtors and other receivables	(476,510)	(275,251)
Others	77,228	(35,530)
	334,729	(1,494,341)

Note:

The amount represents the subsidies received from local government bureaux in the PRC as an incentive for development in specific regions. There was no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. FINANCE COSTS – NET

	2020 RMB'000	2019 RMB'000
Finance income		
Interest income on bank deposits	377,139	377,317
Interest income from associates	1,848	3,337
Interest income from loans to third parties	87,559	199,615
	466,546	580,269
Finance costs		
Interest expense		
– Bank borrowings	3,063,597	3,928,097
– Senior Notes (note 31(a))	6,966,334	5,062,042
– Convertible Bonds (note 31(b))	91,476	93,632
– Other borrowings	1,362,675	1,721,120
– Lease liabilities	41,533	71,678
Total interest expense	11,525,615	10,876,569
Less: interest capitalised (note)	(9,241,054)	(10,077,795)
	2,284,561	798,774
Finance costs – net	(1,818,015)	(218,505)

Note: The capitalisation rate of borrowings is 8.06% (2019: 8.10%) for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSES

	2020 RMB'000	2019 RMB'000
Current income tax		
– PRC enterprise income tax	3,162,104	2,466,161
– PRC land appreciation tax	2,222,657	2,559,899
Deferred income tax	(160,786)	277,535
	5,223,975	5,303,595

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	2020 RMB'000	2019 RMB'000
Profit before income tax	10,502,356	9,467,603
Share of results of associates and joint ventures, net	7,161	105,078
Profit attributable to the Company and subsidiaries	10,509,517	9,572,681
Calculated at PRC enterprise income tax rate of 25% (2019: 25%)	2,627,379	2,393,170
Effect of different income tax rates of subsidiaries	(723,109)	135,020
Income not subject to tax	(52,906)	(1,255,848)
Expenses not deductible for tax purposes	88,087	68,996
Tax losses not recognised	1,061,867	1,402,358
PRC enterprise income tax	3,001,318	2,743,696
PRC land appreciation tax	2,222,657	2,559,899
Income tax expenses	5,223,975	5,303,595

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The group companies in the British Virgin Islands ("BVI") were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2020 and 2019 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSES (Continued)

PRC withholding income tax

According to the Corporate Income Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be received on the immediate holding companies outside the PRC where their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2019: 25%).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

11. DIVIDEND

(a) Dividends attributable to the year

	2020 RMB'000	2019 RMB'000
2020 interim dividends declared of HK3.0 cents (2019: HK3.0 cents) per share	167,498	165,961
Proposed 2020 final dividend of HK12.0 cents (2019: HK10.0 cents) per share	619,382	545,262

An interim dividend of HK3.0 cents (equivalent to approximately RMB2.65 cents) (2019: HK3.0 cents (equivalent to approximately RMB2.53 cents)) per share during the year ended 31 December 2020 was approved at the extraordinary general meeting. The aggregate amount of interim dividend declared from share premium of the Company amounted to HK\$183,989,000 (equivalent to approximately RMB167,498,000) (2019: HK\$182,495,000 (equivalent to approximately RMB165,961,000)).

The Board recommended the payment of a 2020 final dividend of HK12.0 cents (equivalent to approximately RMB10.0 cents) per share, totalling HK\$735,957,000 (equivalent to approximately RMB619,382,000). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, of HK10.0 cents (2019: HK9.0 cents) per share	552,089	478,683

A final dividend in respect of the year ended 31 December 2019 of HK10.0 cents (equivalent to approximately RMB8.96 cents) per share was approved at the annual general meeting on 15 June 2020 (2019: a final dividend in respect of the year ended 31 December 2018 of HK9.0 cents (equivalent to approximately RMB7.89 cents) per share). The aggregate amount of final dividend declared from share premium of the Company amounted to approximately HK\$608,687,000 (equivalent to approximately RMB552,089,000) (2019: HK\$546,317,000 (equivalent to approximately RMB478,683,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit attributable to owners of the Company (RMB'000)	5,447,125	4,594,265
Weighted average number of ordinary shares in issue	6,112,724,197	6,079,445,127
Basic earnings per share (RMB)	0.891	0.756

The calculation of basic earnings per share is based on the Group's profits attributable to owners of the Company of RMB5,447,125,000 (2019: RMB4,594,265,000) and the weighted average number of 6,112,724,197 (2019: 6,079,445,127) ordinary shares, after adjusting for the issue of shares upon exercise of share options during the year ended 31 December 2020.

(b) Diluted

	2020	2019
Profit attributable to owners of the Company (RMB'000)	5,447,125	4,594,265
Weighted average number of ordinary shares in issue during the year	6,112,724,197	6,079,445,127
Effect of issue of shares under:		
– adjustment for share option scheme	21,930,665	29,625,471
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	6,134,654,862	6,109,070,598
Diluted earnings per share (RMB)	0.888	0.752

Diluted earnings per share for the year ended 31 December 2020 and 2019 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion of all dilutive potential ordinary shares (share options).

The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options. The potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to owners of the Company and is not taken into account as they had an anti-dilutive effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. STAFF COSTS – INCLUDING DIRECTORS' EMOLUMENTS

	2020 RMB'000	2019 RMB'000
Wages and salaries	1,952,007	1,380,220
Discretionary bonuses	7,481	5,535
Contribution to pension schemes	10,074	70,265
Medical benefits	30,099	32,474
Share-based payments (note 43(a))	112,995	139,961
Other allowances and benefits	203,449	260,099
	2,316,105	1,888,554

Contribution to pension plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and the maximum monthly contribution is HK\$1,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefit of Directors) Regulations, is as follows:

	Year ended 31 December 2020						Total RMB'000
	Fees RMB'000	Salary RMB'000 (note vi)	Other benefits RMB'000	Discretionary performance- related bonus RMB'000	Contribution to pension scheme RMB'000	Share-based payments RMB'000 (note v)	
Name of director							
Chairman							
Mr. Kwok Ying Shing	–	3,732	–	–	16	–	3,748
Vice Chairman							
Mr. Sun Yuenan	–	12,264	72	–	19	6,674	19,029
Executive Directors							
Mr. Zheng Yi (note iii)	–	1,053	14	–	3	–	1,070
Mr. Mai Fan*	–	7,741	56	–	19	2,225	10,041
Mr. Weng Hao (note ii and iii)	–	1,209	15	–	4	–	1,228
Mr. Li Hai Ming (note iv)	–	5,349	56	–	3	1,557	6,965
Mr. Kwok Hiu Kwan (note iv)	–	1,383	410	–	4	–	1,797
Non-Executive Director							
Ms. Chen Shaohuan	–	256	–	–	–	–	256
Independent Non-Executive Directors							
Mr. Rao Yong	267	–	–	–	–	311	578
Mr. Zhang Yizhao	267	–	–	–	–	311	578
Mr. Liu Xuesheng	267	–	–	–	–	267	534
Total	801	32,987	623	–	68	11,345	45,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Name of director	Year ended 31 December 2019						
	Fees RMB'000	Salary RMB'000 (note vi)	Other benefits RMB'000	Discretionary performance- related bonus RMB'000	Contribution to pension scheme RMB'000	Share-based payments RMB'000 (note v)	Total RMB'000
Chairman							
Mr. Kwok Ying Shing	–	3,697	–	–	15	–	3,712
Vice Chairman							
Mr. Sun Yuenan	–	11,485	68	–	35	10,665	22,253
Executive Directors							
Mr. Zheng Yi	–	5,417	52	–	35	28,747	34,251
Mr. Mai Fan*	–	6,590	52	–	35	3,555	10,232
Mr. Zhang Jianjun (note i)	–	–	–	–	–	–	–
Mr. Weng Hao (note ii and iii)	–	5,149	53	–	39	2,488	7,729
Non-Executive Director							
Ms. Chen Shaohuan	–	265	–	–	–	–	265
Independent Non-Executive Directors							
Mr. Rao Yong	265	–	–	–	–	498	763
Mr. Zhang Yizhao	265	–	–	–	–	498	763
Mr. Liu Xuesheng	265	–	–	–	–	427	692
Total	795	32,603	225	–	159	46,878	80,660

* Chief executive officer of the Company

Notes:

- (i) Resigned on 4 January 2019 as executive director of the Company.
- (ii) Appointed on 4 January 2019 as executive director of the Company.
- (iii) Resigned on 6 April 2020 as executive director of the Company.
- (iv) Appointed on 6 April 2020 as executive director of the Company.
- (v) Share option benefits represent fair value of share options granted to the relevant director which was charged to the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 2.
- (vi) Salary paid to a director is generally an emolument paid or payable in respect of the person's other services in connection with the management of the affairs of the Company and its subsidiary undertakings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (Continued)**(a) Directors' and chief executive's emoluments** (Continued)

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to any director as an inducement to join or leave the Group or compensation for loss of office. There were no arrangements under which a director has waived or has agreed to waive any emoluments.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2019: three) directors whose emoluments are reflected in note (a) above. The emoluments for the remaining two (2019: two) individuals for the year ended 31 December 2020 are as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other benefits	11,660	12,250
Contribution to pension schemes	5	23
Share-based payments	3,842	9,190
	15,507	21,463

The emoluments for the remaining two (2019: two) individuals for the year ended 31 December 2020 fell within the following bands:

	Number of Individuals 2020	Number of Individuals 2019
HK\$0 to HK\$1,000,000	–	–
HK\$7,000,001 to HK\$7,500,000	1	–
HK\$10,000,001 to HK\$10,500,000	1	–
HK\$11,000,001 to HK\$11,500,000	–	1
HK\$13,000,001 to HK\$13,500,000	–	1

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to any of the remaining two (2019: two) individuals for the year ended 31 December 2020 as an inducement to join or leave the Group or compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Land and buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Aircraft RMB'000	Vessels RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2019									
Cost	1,250,085	898,027	26,720	84,353	1,083,752	–	480,521	105,809	3,929,267
Accumulated depreciation and impairment	(157,269)	(196,308)	(5,044)	(41,953)	(390,197)	–	(82,616)	–	(873,387)
Net carrying amounts	1,092,816	701,719	21,676	42,400	693,555	–	397,905	105,809	3,055,880
Year ended 31 December 2019									
Opening net carrying amounts	1,092,816	701,719	21,676	42,400	693,555	–	397,905	105,809	3,055,880
Additions	–	24,840	5,781	5,807	203,919	–	73,903	61,558	375,808
Acquisitions of subsidiaries (note 41)	–	891,551	22,734	556	1,725	–	–	45,629	962,195
Transfer	–	–	–	–	–	–	65,936	(65,936)	–
Transfer from properties under development (note 22)	779,329	–	–	–	–	–	–	–	779,329
Disposals	–	–	(5,780)	(339)	(2,671)	–	(443)	(38,959)	(48,192)
Disposals of subsidiaries (note 42(a))	–	(59,437)	–	–	(156)	–	–	–	(59,593)
Deemed disposals of subsidiaries (note 42(b))	–	–	–	(459)	(62,277)	–	–	–	(62,736)
Depreciation (notes 6 and 7)	(48,215)	(31,525)	(7,212)	(8,912)	(51,600)	–	(42,227)	–	(189,691)
Exchange realignment	–	–	1,047	611	71	–	4,777	–	6,506
Closing net carrying amounts	1,823,930	1,527,148	38,246	39,664	782,566	–	499,851	108,101	4,819,506
At 31 December 2019									
Cost	2,029,414	1,779,576	97,567	90,318	1,218,033	–	620,693	108,101	5,943,702
Accumulated depreciation and impairment	(205,484)	(252,428)	(59,321)	(50,654)	(435,467)	–	(120,842)	–	(1,124,196)
Net carrying amounts	1,823,930	1,527,148	38,246	39,664	782,566	–	499,851	108,101	4,819,506
Year ended 31 December 2020									
Opening net carrying amounts	1,823,930	1,527,148	38,246	39,664	782,566	–	499,851	108,101	4,819,506
Additions	317,959	13,933	28,990	14,158	89,926	324,949	207,908	207,516	1,205,339
Acquisitions of subsidiaries (note 41)	–	4,114	–	–	1,617	–	–	–	5,731
Disposals	–	–	(4,783)	(1,479)	(7,740)	–	–	(15,252)	(29,254)
Disposals of subsidiaries (note 42(a))	(432,554)	–	–	(16)	(46,728)	–	–	–	(479,298)
Deemed disposals of subsidiaries (note 42(b))	–	–	–	(730)	(18,890)	–	–	–	(19,620)
Depreciation (notes 6 and 7)	(59,404)	(31,952)	(8,317)	(6,483)	(20,480)	(7,718)	(61,733)	–	(196,087)
Exchange realignment	–	–	5,675	(223)	147	–	–	–	5,599
Closing net carrying amounts	1,649,931	1,513,243	59,811	44,891	780,418	317,231	646,026	300,365	5,311,916
At 31 December 2020									
Cost	1,857,970	1,823,387	127,449	51,374	800,864	324,949	828,602	300,365	6,114,960
Accumulated depreciation and impairment	(208,039)	(310,144)	(67,638)	(6,483)	(20,446)	(7,718)	(182,576)	–	(803,044)
Net carrying amounts	1,649,931	1,513,243	59,811	44,891	780,418	317,231	646,026	300,365	5,311,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2020, hotel properties, land and buildings with net carrying amounts of approximately RMB1,323,368,000 (2019: RMB2,012,494,000) were pledged as collateral for the Group's borrowings (note 31).

As at 31 December 2020, included in hotel properties and land and buildings, there was a land and building with net carrying amounts of approximately RMB1,174,239,000 (2019: RMB1,174,190,000) located in Hong Kong and under medium-term lease (between 10 and 50 years), and the remaining balances of hotel properties and land and buildings of approximately RMB1,988,935,000 (2019: RMB2,176,888,000) was located in the PRC and under medium-term and long-term lease (more than 50 years).

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2020 RMB'000	2019 RMB'000
Cost of sales	129,454	97,654
Administrative expenses	66,633	92,037
	196,087	189,691

There was no impairment loss provided for the years ended 31 December 2020 and 2019.

16. RIGHT-OF-USE ASSETS

The amount in respect of leases are as follows:

	Motor vehicles RMB'000	Office equipment RMB'000	Properties RMB'000	Total RMB'000
At 1 January 2019	275	870	798,022	799,167
Additions	1,536	70	740,624	742,230
Depreciation for the year (note 7)	(818)	(354)	(181,709)	(182,881)
At 31 December 2019 and 1 January 2020	993	586	1,356,937	1,358,516
Additions	818	74	130,545	131,437
Transfer	–	–	(682,986)	(682,986)
Deemed disposals of subsidiaries (note 42(b))	–	–	(48,981)	(48,981)
Disposals of subsidiaries (note 42(a))	–	–	(89,116)	(89,116)
Depreciation for the year (note 7)	(1,111)	(227)	(130,539)	(131,877)
At 31 December 2020	700	433	535,860	536,993

The right-of-use assets represented leases of motor vehicles, office equipment, properties (staff quarters, offices and etc.) in Hong Kong and the PRC. The leases typically run for an initial period of 1 to 20 (2019: 1 to 20) years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
At 1 January 2019	23,515,000	12,415,000	35,930,000
Additions	770,046	356,475	1,126,521
Disposals	–	(459,940)	(459,940)
Disposals of subsidiaries (note 42(a))	–	(557,000)	(557,000)
Deemed disposals of subsidiaries (note 42(b))	(560,000)	(349,000)	(909,000)
Increase/(Decrease) in fair value (note 6)	505,954	(327,535)	178,419
Transfer upon completion	(3,720,000)	3,720,000	–
At 31 December 2019 and 1 January 2020	20,511,000	14,798,000	35,309,000
Additions	1,328,967	–	1,328,967
Disposals	–	(160,000)	(160,000)
Deemed disposals of subsidiaries (note 42(b))	–	(2,143,000)	(2,143,000)
Increase/(Decrease) in fair value (note 6)	319,033	(129,600)	189,433
Transfer upon completion	(2,275,000)	2,275,000	–
At 31 December 2020	19,884,000	14,640,400	34,524,400

The following amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income for investment properties:

	2020 RMB'000	2019 RMB'000
Rental income (note 6)	543,704	455,728
Direct operating expenses arising from investment properties that generate rental income	217,334	97,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least semi-annually. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between the management, audit committee and the valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each of half year-end, the management:

- verifies major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' estimates of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Significant inputs used to determine fair value

	2020		2019	
	Commercial	Carpark	Commercial	Carpark
Capitalisation rate	3.0%-6.5%	6.5%	3.0%-6.5%	6.5%
Expected vacancy rate	0%-5%	N/A	0%-5%	N/A
Monthly rental	RMB113-621 per sq.m.	RMB2,330 per unit	RMB21-594 per sq.m.	RMB2,300 per unit

Capitalisation and discount rates are estimated by the valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions for the land portion as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (Continued)

Valuation techniques (Continued)

Fair value measurements using significant unobservable inputs (Continued)

Significant inputs used to determine fair value (Continued)

	2020 RMB'000	2019 RMB'000
Term yield and revisionary yield	4.35% – 4.75%	4.35% – 4.75%
Budgeted construction cost to be incurred (RMB/sq.m.)	242 – 5,124	312 – 6,078
Anticipated developer's profit margin	10% – 20%	10% – 20%

The higher the term yield and revisionary yield, the lower the fair value.

Estimated costs to complete per square meter and developer's profit margin required are estimated by the valuer based on market conditions at the year end dates. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the estimated costs to be incurred, the lower the fair value. The higher the anticipated developer's profit margin, the higher the fair value.

As at 31 December 2020 and 2019, the fair value measurement of the Group's investment properties is categorised at level 3. During the years ended 31 December 2020 and 2019, there were no transfers into or out of level 3.

The Group's investment properties are analysed as follows:

	2020 RMB'000	2019 RMB'000
In the PRC, held on:		
Leases of between 10 to 50 years	32,249,400	33,042,000
Leases of over 50 years	2,275,000	2,267,000
	34,524,400	35,309,000

As at 31 December 2020, the investment properties amounting to RMB13,665,400,000 (2019: RMB20,198,000,000) were pledged as collateral for the Group's borrowings (note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. LAND USE RIGHTS

	2020 RMB'000	2019 RMB'000
At 1 January	753,493	669,078
Addition	38,355	–
Acquisitions of subsidiaries (note 41(b))	–	13,600
Disposals of subsidiaries (note 42(a))	(52,236)	(30,358)
Transfer from properties under development (note 22)	–	119,331
Depreciation – expensed in administrative expenses (note 7)	(20,367)	(18,158)
Exchange realignment	1,668	–
At 31 December	720,913	753,493
In PRC, held on:		
Leases of over 50 years	60,603	21,812
Leases of between 10-50 years	660,310	731,681
At 31 December	720,913	753,493

Land use rights comprise cost of acquiring rights to use certain land, which are principally located in the PRC, for hotel properties, self-use buildings and self-operating properties over fixed periods. The prepaid lease payments for the land use rights meet the definition of right-of-use assets in accordance with HKFRS 16.

As at 31 December 2020, land use rights with net carrying amounts totalling RMB495,989,000 (2019: RMB557,991,000) were pledged as collateral for the Group's borrowings (note 31).

As at 31 December 2020, the provision for impairment loss of land use rights amounted to RMB20,461,000 (2019: RMB20,461,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments in associates

	2020 RMB'000	2019 RMB'000
Cost of investments in associates, less accumulated impairment		
– Listed	4,204,258	4,204,258
– Unlisted	9,770,984	7,594,921
Share of post-acquisition (loss)/profit and other comprehensive (loss)/profit, net of dividend received	(157,902)	119,610
	13,817,340	11,918,789
Fair value of listed investments	4,490,625	2,732,836

During the year ended 31 December 2020, the Group entered into a cooperation agreement with an independent third party to set up a company, namely Guangzhou Rongjia Corporate Management Co., Ltd. ("Rongjia") and Nanjing Zhengye Property Development Co., Ltd. ("Nanjing Zhengye") (2019: Fuzhou Jinpeng Sheng Tian Property Development Co., Ltd. ("Fuzhou Jinpeng")) to obtain a development project for redevelopment. The Group injected capital of RMB1,960,000,000 and RMB806,105,000 (2019: RMB2,499,000,000) respectively. The Group had 49% and 49% (2019: 49%) equity interest in Rongjia and Nanjing Zhengye (2019: Fuzhou Jinpeng) respectively.

On 5 October 2020, the Group completed a private placement (the "Private Placement") by the subscription of 16,051,219 shares of Nam Tai Property Limited ("Nam Tai") at par value of US\$9.15 each by cash injection amounted to approximate US\$146 million (equivalent to approximately RMB1,014.3 million). However, subsequently the Private Placement was voided by a court order and the cash injection amounted to approximately RMB1,014.3 million was classified as amounts due from associates included in other receivables as at 31 December 2020.

During the year ended 31 December 2020, the Group acquired additional interests in certain associates from other independent shareholders or through capital injection amounting to RMB265,754,000 in aggregate. Upon completion the acquisitions, the associates became subsidiaries of the Group with remeasurement losses on the investments in associates of RMB40,718,000 and transferred to subsidiaries in amount of RMB233,728,000 (note 41(c)).

During the year ended 31 December 2020, the Group disposed of an associate to an independent third party through disposals of subsidiaries at the consideration of RMB1. Upon completion of the disposal, the Group recognised the gain on disposal in amount of approximately RMB9,535,000.

In 2019, the Group filed a claim to the court against the substantial shareholder of an associate, Xing Huo Ju Long Technology Investment Co., Ltd. ("Xing Huo") that the shareholder agreement signed in the acquisition of Xing Huo in 2010 was invalid and entitled to claim back the consideration paid by the Group including the cash consideration and eight shops located in Luowo district in Shenzhen. In the opinion of the directors, the Group could not exercise significant influence and derecognise Xing Huo from the investments in associates. A loss on derecognition of interest in an associate of RMB252,016,000 (note 8) was recognised for the year ended 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (continued)

As at 31 December 2020, the fair value of the Group's interests in associates Nam Tai, Kaisa JiaYun Technology Inc. ("JiaYun Technology") and Southern Shuanglin Bio-pharmacy Co., Ltd. ("Shuanglin Bio-pharmacy"), which are listed in the New York Stock Exchange, Shenzhen Stock Exchange and Shenzhen Stock Exchange was RMB357,613,000, RMB657,198,000 and RMB3,475,814,000 (2019: RMB551,463,000, RMB546,313,000 and RMB1,635,060,000) respectively based on the market prices available on the respective stock exchanges, which is level 1 input in terms of HKFRS 13, Fair value measurement.

As at 31 December 2020 and 31 December 2019, 101,419,425 (2019: 101,419,425) and 53,552,975 (2019: 50,621,064) shares of JiaYun Technology and Shuanglin Bio-pharmacy were pledged as collateral for the Group's borrowings (note 31).

Set out below are details of associates of the Group as at 31 December 2020 and 2019 which, in the opinion of the directors, are material to the Group:

Name of entity	Place of business/ country of incorporation	Particular of issued and paid up capital	Proportion of the issued capital/ interest held by the Group	Principal activity
Fuzhou Jinpeng	the PRC	RMB50,000,000 (2019: RMB50,000,000)	49.0% (2019: 49.0%)	Property development
JiaYun Technology	the PRC	RMB634,555,224 (2019: RMB634,555,224)	21.31% (2019: 21.31%)	Internet marketing
Nam Tai (note i)	BVI	US\$265,476 (2019: US\$260,681)	23.90% (2019: 23.79%)	Property development and management
Shuanglin Bio-pharmacy	the PRC	RMB492,434,666 (2019: RMB272,577,599)	18.57% (2019: 18.57%)	Research, development, production and sales of blood products
Fuzhou Xin De Yuan Property Development Co., Ltd. ("Xin De Yuan")	the PRC	RMB50,000,000 (2019: RMB50,000,000)	49.0% (2019: 49.0%)	Property development
Rongjia	the PRC	RMB10,000,000 (2019: nil)	49.0% (2019: nil)	Corporate management service, marketing advisory

Note:

- i. There was exercise of approximately 556,000 (2019: 445,000) share options of Nam Tai during the year ended 31 December 2020. The number of shares of Nam Tai increased approximately from 38,632,000 shares to 39,198,000 shares (2019: 38,187,000 shares to 38,632,000 shares). Accordingly, the Group's equity interest in Nam Tai is 23.90% (2019: 23.79%) at 31 December 2020.

* The English translation of the name of the Company established in the PRC is for reference only. The official name of the Company is in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

The following table illustrates the summarised financial information in respect of Fuzhou Jinpeng, Jia Yun Technology, Nam Tai, Shuanglin Bio-pharmacy, Xin De Yuan and Rongjia for the year/period since acquisition/capital injection, and has been adjusted to reflect the fair values of identifiable assets and liabilities of Fuzhou Jinpeng, Jia Yun Technology, Nam Tai, Shuanglin Bio-pharmacy, Xin De Yuan and Rongjia at the completion dates of the acquisitions by the Group, and reconciled to the carrying amount in the consolidated financial statements:

	Fuzhou Jinpeng 2020 RMB'000	JiaYun Technology 2020 RMB'000	Nam Tai 2020 RMB'000	Shuanglin Bio-pharmacy 2020 RMB'000	Xin De Yuan 2020 RMB'000	Rongjia 2020 RMB'000
Current assets	5,098,737	1,811,394	6,326,153	832,673	3,199,601	4,000,000
Non-current assets	–	437,836	1,440,606	2,170,681	–	–
Current liabilities	(20)	(1,191,375)	(3,028,566)	(427,746)	(13)	–
Non-current liabilities	–	(50,694)	(874,800)	(283,648)	–	–
Net assets	5,098,717	1,007,161	3,863,393	2,291,960	3,199,588	4,000,000
Reconciliation to the Group's interest in the associates:						
Proportion of the Group's ownership	49.00%	21.31%	23.90%	18.57%	49.00%	49.00%
Carrying amount of the investment	2,498,371	214,626	923,351	425,617	1,567,798	1,960,000
Goodwill	–	819,085	–	1,733,875	–	–
Carrying amount of the Group's investment	2,498,371	1,033,711	923,351	2,159,492	1,567,798	1,960,000
Revenue for the year/period since capital injection	–	3,279,324	491,003	915,472	–	–
Total expenses for the year/period since capital injection	(3)	(3,488,508)	(290,751)	(1,142,996)	(1)	–
Income tax (expense)/credit for the year/period since capital injection	–	(46,827)	(36,966)	7,917	–	–
(Loss)/profit for the year/period since capital injection	(3)	(256,011)	163,792	(219,607)	(1)	–
Other comprehensive income for the year/period since capital injection	–	–	91,816	–	–	–
Total comprehensive (expense)/income for the year/period since capital injection	(3)	(256,011)	255,608	(219,607)	(1)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

	Fuzhou Jinpeng 2019 RMB'000	JiaYun Technology 2019 RMB'000	Nam Tai 2019 RMB'000	Shuanglin Bio-pharmacy 2019 RMB'000	Xin De Yuan 2019 RMB'000
Current assets	5,098,740	2,006,707	4,431,800	832,673	3,199,602
Non-current assets	–	708,873	1,409,077	2,425,123	–
Current liabilities	(20)	(1,388,686)	(798,380)	(427,746)	(13)
Non-current liabilities	–	(63,722)	(1,434,712)	(318,483)	–
Net assets	5,098,720	1,263,172	3,607,785	2,511,567	3,199,589
Reconciliation to the Group's interest in the associates:					
Proportion of the Group's ownership	49.00%	21.31%	23.79%	18.57%	49.00%
Carrying amount of the investment	2,498,373	269,182	858,292	466,398	1,567,799
Goodwill	–	819,085	–	1,733,875	–
Carrying amount of the Group's investment	2,498,373	1,088,267	858,292	2,200,273	1,567,799
Revenue for the year/period since acquisition/capital injection	–	5,531,811	20,696	457,967	–
Total expenses for the year/period since acquisition/capital injection	(1,275)	(5,487,467)	(76,307)	(489,531)	(406)
Income tax (expense)/credit for the year/period since acquisition/capital injection	–	(34,533)	10,782	20,713	–
(Loss)/profit for the year/period since acquisition/capital injection	(1,275)	9,811	(44,829)	(10,851)	(406)
Other comprehensive income/(expense) for the year/ period since acquisition/capital injection	–	7	(22)	–	–
Total comprehensive (expense)/income for the year/ period since acquisition/capital injection	(625)	2,092	(10,670)	(2,015)	(199)

The following table illustrates the aggregate summarised financial information of the Group's associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the associates profit for the year/period since acquisitions/capital injection	11,437	104,036
Aggregate carrying amounts of the Group's interests in these associates	3,674,617	3,705,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments in joint ventures

	2020 RMB'000	2019 RMB'000
At 1 January	14,092,325	8,677,152
Additions (note)	89,334	12,720
Transfer from subsidiaries (note 42(a) and 42(b))	1,662,805	3,224,328
Transfer to subsidiaries	(157,554)	–
Capital injection to joint venture (note)	2,661,861	2,375,822
Share of results of joint ventures	37,595	(197,697)
At 31 December	18,386,366	14,092,325

Note:

During the year ended 31 December 2020, the Group entered into agreements with independent third parties to set up 50% interest in Yan You Limited (“Yan You”) amounting to RMB1,472,804,000 and acquire five (2019: two) immaterial joint ventures in aggregate amount of RMB89,334,000 (2019: RMB12,720,000). The Group also entered into an agreement with the other investor to inject capital into a joint venture, Guangdong Jiahong Property Development Co., Ltd.* (“Jiahong”). The Group contributed RMB280,500,000 to Jiahong during the year ended 31 December 2020.

During the year ended 31 December 2019, the Group entered into an agreement with the other investor to inject capital into a joint venture, Guangdong Jiasheng Property Development Co., Ltd.* (“Jiasheng”). The Group contributed RMB2,225,806,000 to the joint venture and four immaterial joint ventures in aggregate amounts of RMB150,016,000. During the year ended 31 December 2020, the Group further injected RMB883,857,000 to Jiasheng and the Group injected two immaterial joint ventures in aggregate amounts of RMB24,700,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments in joint ventures (Continued)

Set out below are details of joint ventures of the Group as at 31 December 2020 and 2019 which, in the opinion of the directors, are material to the Group.

Name of entity	Place of business/ country of incorporation	Particular of issued and paid up capital	Proportion of the issued capital/interest held by the Group	Principal activity
Huizhou City Kaileju Company Limited* ("Kaileju") 惠州市愷樂居置業有限公司	the PRC	RMB40,000,000 (2019: RMB40,000,000)	51% (2019: 51%)	Property development
Guangzhou Nantian Company Limited* ("Nantian") 廣州南天商業大廣場建設發展有限公司	the PRC	RMB10,000,000 (2019: RMB10,000,000)	70% (2019: 50%)	Property leasing and development
Shenzhen Jiademeihuan Traveling Development Co., Limited* ("深圳市佳德美奧旅遊開發有限公司"), Shenzhen Jiafu East Tourism Development Co., Ltd.* ("深圳市佳富東部旅遊開發有限公司"), Shenzhen Zhaofude Tourism Development Co., Ltd.* ("深圳市兆富德旅遊開發有限公司") together named as JVs for Dapeng Xiasha Development Project* ("大鵬下沙合營發展項目")	the PRC	RMB50,000,000 (2019: RMB50,000,000) RMB50,000,000 (2019: RMB50,000,000) RMB50,000,000 (2019: RMB50,000,000)	51% (2019: 51%)	Property development
Jiasheng	the PRC	RMB560,000,000 (2019: RMB560,000,000)	55% (2019: 55%)	Property development
Shenzhen Nanshan Kaisa Zhiye Property Development Co. Ltd.* ("Nanshan Kaisa") 深圳市南山佳兆業置業發展有限公司	the PRC	RMB83,333,333 (2019: RMB50,000,000)	60% (2019: 60%)	Property development
Yan You 彥佑	BVI	HK\$390,000 (2019: HK\$390,000)	50% (2019: nil)	Property development

* The English translation of the name of the Company established in the PRC is for reference only. The official name of the Company is in Chinese.

In accordance with the joint arrangement, the decisions about relevant activities in the above entities require unanimous consent of the parties sharing control, accordingly they are classified as joint ventures of the Group. All the joint ventures in which the Group held interest are unlisted corporate entities whose quoted market prices are not available.

The Group has not incurred any contingent liabilities by other commitments relating to its investment in joint venture as at 31 December 2020 (2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments in joint ventures (Continued)

The following table illustrates of the summarised financial information in respect of Kaileju, Nantian, JVs for Dapeng Xiasha Development Project, Jiasheng, Nanshan Kaisa and Yan You for the year/period, and has been adjusted to reflect the fair values of identifiable assets and liabilities as at the completion dates of acquisitions by the Group in prior years, and reconciled to the carrying amount in the consolidated financial statements:

	JVs for					
	Kaileju	Nantian	Dapeng Xiasha Development Project	Jiasheng	Nanshan Kaisa	Yan You
	2020	2020	2020	2020	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	5,843,184	6,366,886	10,997,008	10,658,344	3,492,370	10,261,906
Non-current assets	307	17	11,535,746	800	16	–
Current liabilities	(3,206,701)	(1,371,810)	(6,440,922)	(1,123,161)	(795,433)	(7,309,158)
Non-current liabilities	(919,900)	(3,000,000)	(7,074,950)	(3,375,000)	–	–
Net assets/(liabilities)	1,716,890	1,995,093	9,016,882	6,160,983	2,696,953	2,952,748
The above amounts of assets and liabilities include the following:						
Cash and cash equivalents	768,528	4,473	35,303	1,227,098	34	18,023
Non-current financial liabilities (excluding trade and other payables and provision)	(919,900)	(3,000,000)	(5,323,700)	(3,375,000)	–	(4,507,004)
Current financial liabilities (excluding trade and other payables and provision)	(2,394,239)	(817)	–	–	–	(2,800,000)
Reconciliation to the Group's interest in the joint ventures						
Proportion to the Group's ownership	51.0%	70.0%	51.0%	55.0%	60.0%	50.0%
Carrying amount of the Group's investment	875,614	1,396,565	4,598,610	3,388,541	1,618,172	1,476,374
Revenue	1,246,156	3,580	60	6,423	–	–
Profit/(loss) and total comprehensive income/(expense) for the year/period since acquisition to obtain joint control	54,163	797	376,237	(34,968)	(15)	(7,179)
The above profit/loss for the year/period since capital injection to obtain joint control including the following:						
Interest expenses	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–
Income tax expenses	83,993	–	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments in joint ventures (Continued)

	Kaileju 2019 RMB'000	Nantian 2019 RMB'000	JVs for Dapeng Xiasha Development Project 2019 RMB'000	Jiasheng 2019 RMB'000	Nanshan Kaisa 2019 RMB'000
Current assets	4,962,192	5,929,678	6,079,317	7,051,119	2,800,428
Non-current assets	651	47,139	11,038,248	1,280,883	25
Current liabilities	(2,620,116)	(3,184,516)	(2,842,420)	(893,064)	(103,485)
Non-current liabilities	(680,000)	(118)	(5,634,500)	(2,850,000)	–
Net assets	1,662,727	2,792,183	8,640,645	4,588,938	2,696,968
The above amounts of assets and liabilities include the following:					
Cash and cash equivalents	873,461	1,763	2,466	61,184	13
Non-current financial liabilities (excluding trade and other payables and provision)	(680,000)	–	(5,634,500)	(2,850,000)	–
Current financial liabilities (excluding trade and other payables and provision)	(2,222,977)	(1,153)	–	–	–
Reconciliation to the Group's interest in the joint ventures					
Proportion to the Group's ownership	51.0%	50.0%	51.0%	55.0%	60.0%
Carrying amount of the Group's investment	847,991	1,396,092	4,406,729	2,523,916	1,618,181
Revenue	8,767	14,334	1,072	10,158	–
Loss and total comprehensive expense for the year/period since capital injection to obtain joint control	(119,678)	(17,216)	(75,063)	(21,320)	(7)
The above loss for the year/period since capital injection to obtain joint control including the following:					
Interest expenses	31,259	11,175	–	–	–
Depreciation	–	209	1,311	–	–
Income tax expenses	14,156	11	362,000	–	–

Set out below are the aggregate financial information of joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
The Group's share of loss for the year/period since acquisition/capital injection to obtain joint control	(159,636)	(78,041)
Carrying amount of the Group's interest in these joint ventures	5,032,490	3,299,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL include the following:

	2020 RMB'000	2019 RMB'000
Listed securities:		
Equity securities – in Hong Kong (note i)	1,968,533	–
Equity securities – outside Hong Kong (note i)	283,455	258,114
Debt securities – outside Hong Kong (note i)	169,130	–
Unlisted securities:		
Equity securities – outside Hong Kong (note ii)	5,534,052	7,521,077
Debt securities – outside Hong Kong (note iii)	2,752,330	71,200
At 31 December	10,707,500	7,850,391
Less: non-current portion	(5,369,151)	(7,807,357)
Current portion	5,338,349	43,034

The fair value of the Group's investments in listed and unlisted securities has been measured as note 4.3.

Note:

- i. The fair value measurement of such investments are classified as level 1 fair value measurement which are based on the quoted price from active markets. For the year ended 31 December 2020, the Group has recognised a net fair value gain of RMB98,616,000 (2019: net fair value loss of RMB81,442,000) in respect of the fair value change in profit or loss.
- ii. The unlisted equity securities mainly represented the Group's investments in (i) an unlisted equity engaged in financial service business amounting to RMB5,039,794,000 (2019: RMB5,771,728,000), (ii) unlisted equity funds which invested in class A participating shares, health care business and etc amounting to RMB311,242,000 (2019: RMB1,502,788,000) and (iii) other unlisted investments in private enterprises amounting to RMB183,016,000 (2019: RMB246,561,000). The Group has recognised a fair value loss of RMB731,934,000 (2019: gain of RMB1,458,603,000) in respect of the fair value changes in the profit or loss.
- iii. It represented the unlisted corporates' convertible bonds. The Group has recognised a net fair value gain of RMB326,136,000 (2019: RMB3,770,000) in respect of the fair value changes in the profit or loss.

The Group did not have significant influence nor participate in the policy-making process and the operating and financial decisions of these unlisted investments as at and 31 December 2020 and 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. GOODWILL AND INTANGIBLE ASSETS

	Contracts							Total
	Goodwill	with sports players	Trademarks and patent	Customer relationship	Technology	Distribution network	Others	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note a)	(note b)	(note c)	(note c)	(note c)	(note c)		
Cost								
At 1 January 2019	332,379	529,339	23,609	59,700	8,440	497,400	7,895	1,458,762
Acquisition of subsidiaries (note 41(b))	516,701	–	288,032	51,399	–	–	–	856,132
Additions	–	319,210	–	–	–	–	–	319,210
Written off	–	(27,430)	–	–	–	–	–	(27,430)
At 31 December 2019 and 1 January 2020	849,080	821,119	311,641	111,099	8,440	497,400	7,895	2,606,674
Additions	–	304,138	8,718	–	1,186	–	–	314,042
Acquisition of subsidiaries (note 41)	24,378	–	–	14,690	4,232	–	–	43,300
At 31 December 2020	873,458	1,125,257	320,359	125,789	13,858	497,400	7,895	2,964,016
Accumulated amortisation								
At 1 January 2019	–	294,469	2,126	8,408	2,344	44,811	1,316	353,474
Amortisation – expensed in administrative expenses (notes 7)	–	251,021	31,781	12,114	2,344	44,811	819	342,890
Impairment charged for the year (note 8)	203,931	–	19,348	42,483	3,752	407,778	–	677,292
Written off	–	(5,200)	–	–	–	–	–	(5,200)
At 31 December 2019 and 1 January 2020	203,931	540,290	53,255	63,005	8,440	497,400	2,135	1,368,456
Amortisation – expensed in administrative expenses (notes 7)	–	268,126	31,562	13,231	3,383	–	2,853	319,155
At 31 December 2020	203,931	808,416	84,817	76,236	11,823	497,400	4,988	1,687,611
Net carrying amounts								
At 31 December 2020	669,527	316,841	235,542	49,553	2,035	–	2,907	1,276,405
At 31 December 2019	645,149	280,829	258,386	48,094	–	–	5,760	1,238,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. GOODWILL AND INTANGIBLE ASSETS (Continued)

Notes:

- (a) The Group's goodwill arose from business combinations in connection with the acquisition of (i) Kaisa Health Group, (ii) Fujian Jianke Insurance Brokers Co. Ltd.* ("Fujian Jianke"), (iii) Shenzhen Qijia Internet Technology Co. Ltd.* ("Qijia"), (iv) Shanghai Yitao Sports Culture Communication Co., Ltd.* (上海毅濤體育文化傳播有限公司) and its subsidiary (collectively referred to as "Shanghai Yitao Group"), (v) Shenzhen Football Co., Ltd. ("Shenzhen Football Club"), (vi) Qinghai Pharmaceutical Co., Ltd.* ("Qinghai Pharmaceutical"), (vii) Jiaxing Dashu Property Management Company Limited* and its subsidiaries ("Jiaxing Dashu Group"), (viii) Jiangsu Hengyuan Property Management Company Limited* and its subsidiary ("Jiangsu Hengyuan Group") and (ix) Ningbo Langtong Property Service Company Limited* (寧波朗通物業服務有限公司) ("Ningbo Langtong").

For the purpose of impairment testing, goodwill has been allocated to eight cash-generating units ("CGUs") of RMB121,493,000 (2019: RMB121,493,000) in sports operations included in cinema, department store and cultural centre operations segment, RMB286,000 (2019: RMB286,000) in cinema operations included in cinema, department store and cultural centre operations segments, RMB473,857,000 (2019: RMB473,857,000) in health care operations, RMB2,462,000 (2019: RMB2,462,000) in financial service operations included in other segment and RMB71,429,000 (2019: RMB47,051,000) in property management operations included in property management segment.

The recoverable amounts of the CGUs are determined by directors of the Company based on value-in-use calculations. These calculations use in cash flow projections in relation to the CGU of sports operations based on financial budgets approved by management covering a 5-year (2019: 5-year) period and assumed the growth rate and inflation rate of 38.4% (2019: 25.7%) per annum and 3% (2019: 3%) per annum respectively. The cash flow discounted using a pre-tax discount rate of 12% (2019: 12%) and reflects specific risks relating to the relevant segments. The value assigned to the key assumptions on market development and discount rates are consistent with external information sources. As at 31 December 2020, the Directors of the Company conducted a review on goodwill relating to sports operation and no impairment loss in respect of goodwill has been recognised (2019: nil).

In relation to Kaisa Health Group, the recoverable amount of the CGU is determined based on fair value less costs of disposal by using the income approach (discounted cash flow method). The calculation uses cash flow projections derived from the financial budgets approved by the management covering a 5-year period with an average growth rate of 35.5% per annum. Cash flows beyond the five-year period are extrapolated using 3% growth rate. A pre-tax discount rate of 25.6% is used for this CGU and derived using risk-free rate, the market returns and CGU specific factors. The key assumptions are annual growth rates, estimated future selling prices and direct costs which are estimated based on past practices and expectations of future changes in the market. During the year ended 31 December 2019, the directors of the Company reviewed the carrying amounts of CGUs and identified that the recoverable amounts of CGUs, were less than their carrying amounts of assets of CGUs. Accordingly, the carrying amounts of the goodwill and the intangible assets were reduced to their recoverable amounts and impairment loss of approximately RMB203,931,000 and RMB473,361,000 respectively had been recognised in the profit or loss for the year ended 31 December 2019.

In relation to Qinghai Pharmaceutical, the recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses the five-year cash flow projections based on financial budgets approved by the management with an average growth rate of 25% (2019: 20%) per annum. Cash flows beyond the five-year period are extrapolated using 5% (2019: 3%) growth rate. A pre-tax discount rate of 27.29% (2019: 18.01%) is used for this CGU and derived using risk-free rate, the market returns and CGU specific factors. The key assumptions are annual growth rates, estimated future selling prices and direct costs which are estimated based on past practices and expectations of future changes in the market. The Directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU. As at 31 December 2020, the Directors of the Company conducted a review on goodwill and no impairment loss in respect of goodwill has been recognised.

- (b) The amounts represent the costs to acquire sports players' contracts or to extend their contracts, including the related agent's fees. The amortisation period ranged from 1 to 5 (2019: 1 to 5) years.
- (c) The trademarks and patent, customer relationship and distribution network were measured at their fair values at the date of acquisition and the valuation of the intangible assets is performed by an independent professional valuer not related to the Group. The fair value of these intangible assets at the date of acquisition was determined based on the income approach by estimating the future income arising from these intangible assets and the cost approach by reference to the financial information provided by the Group. The expected useful lives of these intangible assets ranged from 5 to 11 (2019: 5 to 11) years.

* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
Amount comprises:		
Construction costs	18,840,846	14,905,213
Interest capitalised	17,026,583	12,268,356
Land use rights	37,817,304	36,804,009
	73,684,733	63,977,578
Less: Provisions for properties under development	(2,316,790)	(302,832)
	71,367,943	63,674,746

The properties under development were located in the PRC and Hong Kong and are stated at cost.

During the year ended 31 December 2019, certain items of the Group's properties under development with an aggregate carrying value of approximately RMB779,329,000 (note 15) and RMB119,331,000 (note 18) were transferred to property, plant and equipment and land use rights respectively.

For the year ended 31 December 2020, properties under development of RMB1,939,983,000 (2019: RMB1,700,000) were impaired to reflect the decrease in net realisable value of certain completed properties located in certain regions of the PRC. In addition, the provision for properties under development of RMB338,493,000 (2019: RMB66,781,000) in aggregate were transferred to the provision for completed properties held for sale (note 23).

As at 31 December 2020, the net aggregate amount of properties under development of approximately RMB44,926,104,000 (2019: RMB42,060,748,000) were pledged as collateral for the Group's borrowings (note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. COMPLETED PROPERTIES HELD FOR SALE

	2020 RMB'000	2019 RMB'000
Completed properties held for sale	14,040,405	14,200,506
Less: Provision for completed properties held for sale	(1,003,837)	(1,196,632)
Balance as at 31 December	13,036,568	13,003,874

The completed properties for sale were located in the PRC under medium-term and long-term lease. Completed properties held for sale which are expected to be recovered in more than twelve months after the reporting date are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

For the year ended 31 December 2020, completed properties held for sale of RMB638,934,000 (2019: RMB366,037,000) were impaired to reflect the decrease in net realisable value of certain completed properties located in certain regions of the PRC. In addition, the provision for completed properties held for sale of RMB338,493,000 (2019: RMB66,781,000) in aggregate were transferred from the provision for properties under development (note 22) during the year ended 31 December 2020.

As at 31 December 2020, the net aggregate amount of completed properties held for sale of approximately RMB5,196,679,000 (2019: RMB5,913,860,000) were pledged as collateral for the Group's borrowings (note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade debtors – net (note a)	2,119,811	1,273,050
Other receivables (note b)	10,135,354	7,559,364
Other deposits (note b)	2,184,409	2,172,369
Prepayments (note d)	4,186,184	4,106,237
Prepaid other taxes	2,062,944	2,873,176
Restricted deposit for borrowings from non-financial institution (note b)	1,960,203	1,960,203
Amounts due from associates (note b)	4,682,216	4,043,116
Amounts due from joint ventures (note b)	18,488,370	7,292,123
Amount due from non-controlling interests of subsidiaries (note b)	4,596,915	3,805,121
Less: allowance for impairment (note c)	48,296,595 (1,927,920)	33,811,709 (1,069,694)
Deposits, prepayments and other receivables – net	46,368,675	32,742,015
Total debtors, deposits and other receivables – net	48,488,486	34,015,065
Less: non-current portion		
Other receivables (note b)	(20,000)	(553,500)
Non-current portion	(20,000)	(553,500)
Current portion	48,468,486	33,461,565

As at 31 December 2020 and 2019, the carrying amounts of debtors, deposits, other receivables, amounts due from associates, amounts due from joint ventures and amount due from non-controlling interests of subsidiaries approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

- (a) Trade debtors mainly arise from sales of properties, provision of property management services, provision of construction and design services and provision of financial services. Trade debtors are settled in accordance with the terms stipulated respective in the property sale and purchase agreements or service agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	2020 RMB'000	2019 RMB'000
Within 90 days	1,411,610	894,543
Over 90 days and within 180 days	208,915	37,554
Over 181 days and within 270 days	186,823	270,500
Over 271 days and within 365 days	55,025	22,999
Over 365 days	315,438	119,926
	2,177,811	1,345,522
Less: allowance for impairment (note c)	(58,000)	(72,472)
	2,119,811	1,273,050

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB58,000,000 (2019: RMB72,472,000) was made against the gross amount of trade receivables (note 4.1(ii)).

Generally, no credit terms were granted to the customers of residential properties. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers as at 31 December 2020 and 2019.

Included in the Group's trade debtors of RMB247,885,000 were due over 180 days and within 270 days as at 31 December 2019. The balances mainly represented receivables from sales of commercial and residential properties and property under development to independent third parties. These receivables were repayable within one month after the completion of certain legal documents, which were expected to be settled in the next year.

Receivables that were past due but not impaired related to the balances primarily represented receivables from residential properties to independent third parties of which the majority of the balances were due from customers in the process of applying mortgage loans.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

(b) Details of deposits and other receivables are as follows:

	2020 RMB'000	2019 RMB'000
Other receivables (note i)	10,135,354	7,559,364
Other deposits (note ii)	2,184,409	2,172,369
Restricted deposit for borrowings from non-financial institution (note iii)	1,960,203	1,960,203
Amounts due from associates (note iv)	4,682,216	4,043,116
Amounts due from joint ventures (note iv)	18,488,370	7,292,123
Amount due from non-controlling interests of subsidiaries (note iv)	4,596,915	3,805,121
	42,047,467	26,832,296
Less: allowance for impairment (note c)	(1,927,920)	(1,069,694)
Deposits and other receivables – net	40,119,547	25,762,602

(i) These receivables mainly included interest receivables and amounts to be refunded by the government in relation to the land acquisition in the PRC and amounts due from former subsidiaries.

As at 31 December 2020, there are other receivables amounting to RMB246,010,000 (2019: RMB490,790,000) are unsecured, carry at interest rate ranging from 4.35% to 15.0% (2019: 12.0% to 15.0%) p.a. and repayable in 2021 (2019: 2020).

Included in other receivables, those which are repayable over 1 year amounting to RMB20,000,000 (2019: RMB553,500,000) are classified as non-current assets.

(ii) Details of other deposits are as follows:

	2020 RMB'000	2019 RMB'000
Deposits paid for acquisitions of subsidiaries	–	20,000
Deposit paid for acquisitions of land use rights for property development	42,000	500,000
Refundable deposit to redevelopment project partner	618,188	634,148
Other	1,524,221	1,018,221
	2,184,409	2,172,369

(iii) The amount represented non-interest bearing deposit restricted for borrowings from non-financial institution.

(iv) The amounts are unsecured, interest-free and repayable on demand, and expected to be recovered within 12 months from the reporting date and is therefore classified as current assets.

(v) The carrying amounts of the Group's receivables are mainly denominated in RMB and USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

- (c) Impairment losses in respect of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) are recorded using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) directly. The movement in the allowance for impairment of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) is disclosed in note 4.1(ii).
- (d) Prepayments mainly represent prepayments for purchase of construction materials and services.
- (e) The maximum credit risk exposure is the amount shown on the consolidated statement of financial position.

25. DEPOSITS FOR LAND ACQUISITION

Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained. The carrying amounts of the Group's deposits for land acquisition are mainly denominated in RMB.

26. PREPAYMENTS FOR PROPOSED DEVELOPMENT PROJECTS

The Group has entered into a number of contractual arrangements relating to redevelopment of certain areas and other development projects with independent third parties and has made prepayments in accordance with the terms of these respective contracts. These prepayments would be converted into properties under development upon the completion of the contracts.

27. RESTRICTED CASH

Restricted cash mainly comprised of:

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain subsidiaries of the Group engaged in property development are required to place in designated bank accounts certain amount of proceeds from pre-completion sale of properties as guaranteed deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and construction of the relevant property projects when approvals are obtained from local State-Owned Land and Resource Bureau. As at 31 December 2020, such guaranteed deposits amounted to RMB3,273,542,000 (2019: RMB2,877,310,000). They will be released after the construction of the relevant properties is completed or the related property ownership certificates are issued, whichever is earlier.
- (b) As at 31 December 2020, the Group's cash of RMB2,306,573,000 (2019: RMB2,267,537,000) was deposited in certain banks as guaranteed deposits for the benefit of mortgage loan facilities (note 39) granted by the banks to the purchasers of the Group's properties.
- (c) As at 31 December 2020, the Group's cash of RMB606,554,000 (2019: RMB832,582,000) was deposited in certain banks as guaranteed deposits for borrowings (note 31).
- (d) As at 31 December 2020, the Group's cash of RMB62,219,000 (2019: RMB39,026,000) was deposited in certain banks as guaranteed deposits for issuance of bills payables and settlement of tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. LONG-TERM BANK DEPOSITS, RESTRICTED CASH, SHORT-TERM BANK DEPOSITS AND CASH AND BANK BALANCES

	2020 RMB'000	2019 RMB'000
Long-term bank deposits	1,200,000	1,600,000
Restricted cash (note 27)	6,248,888	6,016,455
Short-term bank deposits	3,585,570	2,536,724
Cash and bank balances	36,078,762	26,824,859
	47,113,220	36,978,038

Note:

The effective interest rates and maturities of bank deposits in the PRC are ranged from 1.55% to 3.85% (2019: 1.55% to 3.85%) per annum and from 1 month to 53 months (2019: 1 month to 53 months) as at 31 December 2020.

As at 31 December 2020, short-term bank deposits of RMB188,000,000 (2019: RMB200,000,000) were pledged as collateral for the Group's borrowings (note 31).

Long-term bank deposits, restricted cash, short-term bank deposits and cash and bank balances are denominated in the following currencies:

	2020 RMB'000	2019 RMB'000
Denominated in – RMB	45,585,918	33,958,455
Denominated in – HKD	803,940	342,984
Denominated in – USD	706,328	2,660,833
Denominated in – EUR	17,034	15,766
	47,113,220	36,978,038

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CONTRACT LIABILITIES

The amount of RMB49,706,027,000 (2019: RMB39,388,659,000) represents deposits and instalments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.

The significant increase of contract liabilities as at 31 December 2020 is mainly due to the increase in the deposits, down payment and instalment received for sales of those properties that had obtained pre-sales permit but not yet available for occupation.

30. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Total minimum lease payments:		
Due within one year	137,953	241,716
Due in the second to fifth years	309,437	703,205
Due after the fifth years	272,251	1,045,943
	719,641	1,990,864
Future finance charges on leases liabilities	(163,193)	(604,565)
Present value of leases liabilities	556,448	1,386,299
Present value of minimum lease payments		
Due within one year	103,208	159,694
Due in the second to fifth years	225,408	450,364
Due after the fifth years	227,832	776,241
	556,448	1,386,299
Less:		
Portion due within one year included under current liabilities	(103,208)	(159,694)
Portion due after one year included under non-current liabilities	453,240	1,226,605

Note:

As at 31 December 2020, the weighted average lessee's incremental borrowing rate applied was 6.99% (2019: 5.94%).

During the year ended 31 December 2020, the total cash outflows for the leases and short-term leases and low-value assets are RMB203,021,000 (2019: RMB238,154,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. LEASE LIABILITIES (Continued)

Details of the lease activities

As at 31 December 2020, the Group has entered into leases for motor vehicles, office equipment and properties.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particular
Motor vehicles	Right-of-use assets	24 (2019: 21)	1 to 2 years (2019: 1 to 2 years)	<ul style="list-style-type: none"> • Certain lease contracts contain an option to renew the lease for additional year after the end of the contract by giving one month notice to landlord before the end of the contract • Certain lease contracts contain an option to terminate the lease by giving liquidated damages • Leases subject to fixed payment/quarterly/biannually/annually rental payment
Office equipment	Right-of-use assets	32 (2019: 49)	1 to 5 years (2019: 1 to 5 years)	<ul style="list-style-type: none"> • Certain contracts contain an option to terminate the lease by giving liquidated damages • Certain contracts contain an option to purchase the office equipment at the end of the lease term • Certain contracts contain additional variable lease payments depends on the usage during the contract period • Leases subject to monthly/quarterly/biannually/annually rental payment
Properties (including warehouse, staff quarters, offices and etc)	Right-of-use assets	1,210 (2019: 1,105)	1 to 20 years (2019: 1 to 20 years)	<ul style="list-style-type: none"> • Certain leases contracts contain an option to renew the leases for additional one to three years after the end of contracts by giving one to six months' notice to landlord before the end of lease contracts • Certain leases contracts contain an option to purchase the properties at the end of lease term • Lease contracts subject to monthly/quarterly/biannually/annually rental payment.
Land use rights	Land use rights	27 (2019: 26)	15 to 65 years (2019: 15 to 65 years)	Nil

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS

	Notes	2020 RMB'000	2019 RMB'000
Borrowings included in current liabilities:			
Senior Notes	(a)	9,673,242	3,663,743
Convertible Bonds	(b)	663,398	–
Bank borrowings – secured	(c)	2,549,900	19,263,692
Bank borrowings – unsecured	(c)	3,687,274	1,167,308
Other borrowings – secured	(c)	1,934,150	6,492,249
Other borrowings – unsecured	(c)	4,452,478	1,191,225
Loan from a related company	(d)	108,781	108,781
Loan from associate	(e)	–	5,000
		23,069,223	31,891,998
Borrowings included in non-current liabilities:			
Senior Notes	(a)	58,650,794	52,755,120
Convertible Bonds	(b)	–	699,900
Bank borrowings – secured	(c)	18,433,007	17,243,728
Bank borrowings – unsecured	(c)	6,901,865	2,343,930
Other borrowings – secured	(c)	8,314,733	9,692,786
Other borrowings – unsecured	(c)	6,101,337	2,568,090
		98,401,736	85,303,554
Total borrowings		121,470,959	117,195,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes:

(a) Senior Notes

The Group has issued the following senior notes:

	Issue date	As at 1 January 2019	New issuance	Repurchase/ repayment	As at 31 December 2019 and 1 January 2020	New issuance	Repurchase/ repayment	As at 31 December 2020	Issue price
Par value									
2019 12.0% Notes (US\$'000)	14 December 2018 30 June 2017 and 4 May 2018	300,000	–	(300,000)	–	–	–	–	100% at face value
2020 7.25% Notes (US\$'000)	30 June 2017 and 4 May 2018	790,000	–	(250,000)	540,000	–	(540,000)	–	100% at face value
2021 6.5% Notes tranche I (US\$'000)	8 December 2020	–	–	–	–	250,000	–	250,000	99.53% at face value
2021 6.5% Notes tranche II # (US\$'000)	22 December 2020	–	–	–	–	150,000	–	150,000	100.915% at face value
2021 6.75% Notes (US\$'000)	18 February 2020	–	–	–	–	400,000	(225,704)	174,296	100% at face value
2021 7.875% tranche I (US\$'000)	11 December 2018	575,000	–	(175,000)	400,000	–	–	400,000	100% at face value
2021 7.875% tranche II ## (US\$'000)	9 June 2020	–	–	–	–	300,000	–	300,000	100% at face value
2021 11.75% Notes (US\$'000)	26 February 2019	–	400,000	–	400,000	–	(184,188)	215,812	99.567% at face value
2022 8.5% Notes (US\$'000)	30 June 2017	1,147,000	–	–	1,147,000	–	–	1,147,000	100% at face value
2022 11.25% Notes – tranche I (US\$'000)	9 April 2019	–	350,000	–	350,000	–	–	350,000	99.69% at face value
2022 11.25% Notes – tranche II * (US\$'000)	2 July 2019	–	200,000	–	200,000	–	–	200,000	102.926% at face value
2022 11.95% Notes – tranche I (US\$'000)	22 October 2019	–	400,000	–	400,000	–	–	400,000	99.265% at face value
2022 11.95% Notes – tranche II ** (US\$'000)	1 November 2019	–	200,000	–	200,000	–	–	200,000	100.790% at face value
2023 9.75% Notes (US\$'000)	16 July 2020	–	–	–	–	400,000	–	400,000	99.266% at face value
2023 10.875% Notes – tranche I (US\$'000)	23 July 2019	–	300,000	–	300,000	–	–	300,000	99.604% at face value
2023 10.875% Notes – tranche II *** (US\$'000)	13 November 2019	–	150,000	–	150,000	–	–	150,000	96.6825% at face value
2023 11.5% Notes – tranche I (US\$'000)	30 May 2019	–	400,000	–	400,000	–	–	400,000	99.567% at face value
2023 11.5% Notes – tranche II **** (US\$'000)	24 June 2019	–	300,000	–	300,000	–	–	300,000	100.79% at face value
2023 11.95% Notes – tranche I (US\$'000)	12 November 2019	–	300,000	–	300,000	–	–	300,000	100.269% at face value
2023 11.95% Notes – tranche II (US\$'000) ##	17 November 2020	–	–	–	–	200,000	–	200,000	103.5% at face value
2024 9.375% Notes (US\$'000)	30 June 2017	3,051,500	–	–	3,051,500	–	–	3,051,500	100% at face value
2025 9.95% Notes (US\$'000)	23 January 2020	–	–	–	–	300,000	–	300,000	100% at face value
2025 10.5% Notes (US\$'000)	15 January 2020	–	–	–	–	500,000	–	500,000	100% at face value
2025 11.25% Notes – tranche I (US\$'000)	8 July 2020	–	–	–	–	300,000	–	300,000	98.994% at face value
2025 11.25% Notes – tranche II ### (US\$'000)	2 September 2020	–	–	–	–	400,000	–	400,000	101.64% at face value
Total (US\$'000)		5,863,500	3,000,000	(725,000)	8,138,500	3,200,000	(949,892)	10,388,608	
Amortised cost (US\$'000)		5,640,069			7,943,372			10,471,278	
Par value									
2019 6.1% Private Notes (HK\$'000)		1,162,000	–	(1,162,000)	–	–	–	–	
Amortised cost (HK\$'000)		1,161,773			–			–	
Total amortised cost (RMB'000)		39,726,866			56,418,863			68,324,036	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes: (Continued)

(a) Senior Notes (Continued)

- * 2022 11.25% Notes – tranche II was consolidated and form a single series with the 2022 11.25% Notes – tranche I.
- ** 2022 11.95% Notes – tranche II was consolidated and form a single series with the 2022 11.95% Notes – tranche I.
- *** 2023 10.875% Notes – tranche II was consolidated and form a single series with the 2023 10.875% Notes – tranche I.
- **** 2023 11.5% Notes – tranche II was consolidated and form a single series with the 2023 11.5% Notes – tranche I.
- # 2021 6.5% Notes – tranche II was consolidated and form a single series with the 2021 6.5% Notes – tranche I.
- ## 2021 7.875% Notes – tranche II was consolidated and form a single series with the 2021 7.875% Notes – tranche I.
- ### 2023 11.95% Notes – tranche II was consolidated and form a single series with the 2023 11.95% Notes – tranche I.
- #### 2025 11.25% Notes – tranche II was consolidated and form a single series with the 2025 11.25% Notes – tranche I.

All of above senior notes are listed on the Singapore Exchange Securities Trading Limited.

The major terms and conditions of the senior notes include early redemption options of the Group and the repurchase of the senior notes upon a change of control. Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Group consider that the fair value of the above early redemption options was insignificant on initial recognition as at 31 December 2020 and 2019.

The senior notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The movement of the Senior Notes is as follow:

	2020 RMB'000	2019 RMB'000
Carrying amount as at 1 January	56,418,863	39,726,866
Accrued interests (note 9)	6,966,334	5,062,042
Interests paid	(5,959,591)	(3,693,926)
Repurchase/repayment of Senior Notes	(6,467,470)	(6,087,357)
Senior Notes recognised	22,016,058	20,872,250
Transaction costs	(208,034)	(222,251)
Exchange difference	(4,442,124)	761,239
Carrying amount as at 31 December	68,324,036	56,418,863

During the year ended 31 December 2020, the Group repurchased 2020 7.25% Notes with a principal amount of US\$27,000,000 (equivalent to approximately RMB191,146,000) and repaid the outstanding 2020 7.25% Notes with a principal amount of US\$513,000,000 (equivalent to approximately RMB3,631,784,000). In additions, the Group further repurchased 2021 11.75% Notes with a principal amount of US\$184,188,000 (equivalent to approximately RMB1,188,343,000) and the 2021 6.75% Notes with a principal amount of US\$225,704,000 (equivalent to approximately RMB1,456,197,000). The repurchases are substantially different as the discounted present value of the revised cash flows using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liabilities by more than 10 per cent. Accordingly, such modification of terms is accounted for as an extinguishment of the original financial liabilities and the recognition of new financial liabilities. Therefore, the Group derecognised the original senior notes outstanding and recognised new senior notes measured at fair value as at the date of extinguishment. The difference between the carrying amount of the borrowings derecognised and the fair value of the new senior notes recognised amounting to approximately RMB5,403,000 (note 8) is recognised in profit or loss for the year ended 31 December 2020.

No other settlement agreement was entered by the Group during the year ended 31 December 2020.

During the year ended 31 December 2019, the Group repurchased US\$250,000,000 of the 2020 7.25% Notes (equivalent to approximately RMB1,683,375,000), US\$175,000,000 of the 2021 7.875% Notes (equivalent to approximately RMB1,351,400,000), and HK\$1,162,000,000 of the 2019 6.1% Private Notes (equivalent to approximately RMB1,079,206,000), and repaid US\$300,000,000 of the 2019 12.0% Notes (equivalent to approximately RMB1,973,376,000) resulted a gain on repurchase of senior notes of approximately RMB178,438,000. The repurchase did not constitute a substantial modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes: (Continued)

(b) Convertible Bonds

On 14 January 2019, the Company issued 10.5% convertible bonds at an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB643,496,000) (the "Convertible Bonds") which will be matured on 14 July 2021 (the "Maturity Date"). The Convertible bonds are denominated in United States dollars and are secured by the shares of the Company and certain subsidiaries of the Group. The Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time starting from 41 days after the date of issue of the Convertible Bonds to 10 days before the Maturity Date at a conversion price of HK\$5 per share (translated into HK\$ at a fixed rate of exchange equal to US\$1.00: HK\$7.83) subject to antidilutive adjustments. The conversion price of the Convertible Bonds was adjusted to HK\$4.63 per share with effect from 5 December 2020, pursuant to the terms and conditions of the Convertible Bonds, as a result of the approval by the shareholders of an interim dividend of HK3.0 cents per share for the year ended 31 December 2020. Neither the Company nor the holders of the Convertible Bonds may demand early redemption. The terms of Convertible Bonds do not satisfy the "fixed for fixed" rule in HKFRS 9. The proceeds of the Convertible Bonds were allocated into two components, debt and financial derivative elements on initial recognition. The Convertible Bond bears interest at 10.5% per annum on the outstanding principal amount and would be payable semi-annually in arrears until the Convertible Bonds are converted or matured. As at 31 December 2020, there has been no conversion of the Convertible bonds. The Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

The Convertible Bonds was recognised as embedded financial derivatives and debt component as follows:

- Embedded financial derivatives comprise the fair value of the option of the holders of the Convertible bonds to convert the Convertible Bonds into ordinary shares of the Company at the conversion price.
- Debt component initially recognised at the residual amount after deducting the fair value of the derivative component from the net proceeds at the initial recognition, and is subsequently carried at amortised cost.

The movement of the liability and embedded derivatives components of the Convertible Bonds for the year is set out below:

	Liability component RMB'000	Embedded derivatives component RMB'000 (note 33)	Total RMB'000
At the date of issuance	643,496	44,424	687,920
Transaction costs	(10,296)	(711)	(11,007)
Interest expense (note 9)	93,632	–	93,632
Interest paid	(37,133)	–	(37,133)
Fair value changes	–	38,478	38,478
Exchange difference	10,201	616	10,817
At 31 December 2019 and 1 January 2020	699,900	82,807	782,707
Interest expense (note 9)	91,476	–	91,476
Interest paid	(72,950)	–	(72,950)
Fair value changes	–	(52,838)	(52,838)
Exchange difference	(55,028)	(2,519)	(57,547)
As at 31 December 2020	663,398	27,450	690,848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes: (Continued)

(b) Convertible Bonds (Continued)

The major inputs used in the binomial models as at the reporting dates were as follows:

	At 31 December 2020	At 31 December 2019
Stock price	HK\$3.82	HK\$2.27
Conversion price	HK\$4.63 per share	HK\$4.82 per share
Time to maturity	0.53 years	1.54 years
Risk-free rate	0.28%	2.04%
Expected volatility	43.85%	50.84%

Any changes in the major inputs in the model may result in changes in the fair value of the derivative component.

(c) Bank and other borrowings

The Group's bank and other borrowings of RMB31,231,790,000 (2019: RMB52,692,455,000) were secured by certain properties, investment properties, land use rights, properties under development, completed properties held for sale, restricted cash and short-term bank deposits of the Group (notes 15, 17, 18, 22, 23, 27 and 28) and shares of certain of the Group's subsidiaries and associates.

The pledged assets for the Group's bank and other borrowings are as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment (note 15)	1,323,368	2,012,494
Investment properties (note 17)	13,665,400	20,198,000
Land use rights (note 18)	495,989	557,991
Properties under development (note 22)	44,926,104	42,060,748
Completed properties held for sale (note 23)	5,196,679	5,913,860
Short-term bank deposits (note 28)	188,000	200,000
Restricted cash (note 27)	606,554	832,582
	66,402,094	71,775,675

The Group's bank and other borrowings are guaranteed by certain subsidiaries of the Group:

	2020 RMB'000	2019 RMB'000
Group companies		
– guaranteed and secured by the Group's assets	35,076,224	52,292,555
– guaranteed by the Company	19,593,107	4,335,481
	54,669,331	56,628,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes: (Continued)

(d) Loan from a related company

The amount due is unsecured, carries interest rate at 12% (2019: 12.0%) per annum and is repayable on demand. The related company is controlled by a substantial shareholder of the Company.

(e) Loan from associate

As at 31 December 2019, the amount due is unsecured, carries interest rates at 12.0% per annum and is repayable within one year.

(f) The weighted average effective interest rates at each of the reporting dates were as follows:

	2020 RMB'000	2019 RMB'000
Bank borrowings, included in non-current liabilities	6.5%	7.0%
Bank borrowings, included in current liabilities	7.2%	6.6%
Other borrowings, included in non-current liabilities	11.9%	11.8%
Other borrowings, included in current liabilities	11.1%	10.7%
Loan from associate, included in current liabilities	—	12.0%
Loan from a related company, included in current liabilities	12.0%	12.0%
Senior Notes	10.1%	10.7%
Convertible Bonds	13.5%	13.5%

(g) The amounts of the Group's borrowings are denominated in RMB except for Senior Notes, Convertible Bonds and certain bank and other borrowings with aggregate amounts of RMB70,954,775,000 and RMB2,493,072,000 (2019: RMB58,827,932,000 and RMB1,265,318,000), which are denominated in US\$ and HK\$ respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Other payables and accruals (note i)	6,869,218	6,127,111
Accrued interest	1,075,778	778,910
Accrued staff costs	340,360	347,694
Bills payables	35,964	735,712
Consideration payables related to acquisitions of subsidiaries	1,122,530	231,810
Consideration payables related to acquisitions of associate and joint venture	721,841	1,583,942
Consideration payables related to financial assets at FVTPL	256,680	687,454
Deed tax and other taxes payables	1,771,163	2,449,279
Deposits received	358,242	500,692
Amounts due to associates (note ii)	1,526,789	2,087,243
Amounts due to joint ventures (note ii)	10,202,048	11,011,816
Amounts due to non-controlling interests of subsidiaries (note ii)	–	479,907
	24,280,613	27,021,570
Less: non-current portion		
Consideration payable related to acquisition of a subsidiary	(19,768)	(10,248)
Current portion	24,260,845	27,011,322

Notes:

- (i) Other payables and accruals mainly included deposits received from construction companies, accrued operating expenses, advance from third parties for operations, amounts due to former shareholders in relation to newly acquired subsidiaries which are interest-free, unsecured and repayable on demand and payables of cooperation parties.

Included in other payables and accruals, there were payables amounting to RMB1,200,000,000 secured by non-interest bearing deposit of US\$289,355,000 (approximately equivalent to RMB1,960,203,000) (note 24). The remaining balances are interest-free, unsecured and repayable on demand.

- (ii) The amounts due are unsecured, interest-free and repayable on demand.
- (iii) The carrying amounts of other payables are denominated in RMB and approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 RMB'000	2019 RMB'000
Embedded financial derivatives of convertible bonds (note 31(b))	27,450	82,807

A valuation on the embedded derivatives of the convertible bonds has been performed by an independent qualified valuer at the date of issuance, 31 December 2019 and 2020, the binomial model is used in the valuation of the embedded financial derivatives. A fair value loss of RMB52,838,000 (2019: RMB82,191,000) was recognised in profit and loss for the year ended 31 December 2020.

34. DEFERRED INCOME TAX

	2020 RMB'000	2019 RMB'000
Deferred tax assets	628,380	864,268
Deferred tax liabilities	(4,523,386)	(4,886,993)
The net movement on the deferred income tax is as follows:		
Beginning of the year	(4,022,725)	(3,694,253)
Acquisitions of subsidiaries (note 41(b))	(592)	(157,300)
Disposals of subsidiaries (note 42(a))	(42)	46,946
Deemed disposals of subsidiaries (note 42(b))	289,139	59,417
Recognised in profit or loss (note 10)	(160,786)	(277,535)
End of the year	(3,895,006)	(4,022,725)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. DEFERRED INCOME TAX (Continued)

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

Deferred tax assets arose from:

	Temporary difference arising from debtors, deposits and other receivables RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2019	133,594	739,556	873,150
Acquisitions of subsidiaries (note 41(b))	–	1,190	1,190
Credited to profit or loss	136,387	663	137,050
At 31 December 2019 and 1 January 2020	269,981	741,409	1,011,390
Acquisitions of subsidiaries (note 41(b))	–	133	133
Disposals of subsidiaries (note 42(a))	–	(42)	(42)
Deemed disposals of subsidiaries (note 42(b))	–	(61)	(61)
Credited/(Charged) to profit or loss	219,113	(409,337)	(190,224)
At 31 December 2020	489,094	332,102	821,196

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise tax losses amounting to RMB10,682,738,000 (2019: RMB7,522,688,000) that can be carried forward against future taxable income. These tax losses will expiry from 2021 to 2025 (2019: 2020 to 2024).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. DEFERRED INCOME TAX (Continued)

Deferred tax liabilities arose from:

	Properties acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Revaluation of investment properties RMB'000	Fair value of financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2019	34,389	99,269	4,356,240	102,252	4,592,150
Acquisitions of subsidiaries (note 41(b))	–	158,490	–	–	158,490
Disposals of subsidiaries (note 42(a))	–	–	(46,946)	–	(46,946)
Deemed disposals of subsidiaries (note 42(b))	–	–	(59,417)	–	(59,417)
Charged to profit or loss	–	–	44,605	345,233	389,838
At 31 December 2019 and 1 January 2020	34,389	257,759	4,294,482	447,485	5,034,115
Acquisitions of subsidiaries (note 41(b))	–	725	–	–	725
Deemed disposals of subsidiaries (note 42(b))	–	–	(289,200)	–	(289,200)
Charged/(Credited) to profit or loss	–	–	47,358	(76,796)	(29,438)
At 31 December 2020	34,389	258,484	4,052,640	370,689	4,716,202

At 31 December 2020, the unrecognised deferred tax liabilities were RMB1,270,162,000 (2019: RMB1,205,465,000) relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the directors consider that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries as at 31 December 2020 amounted to RMB25,403,247,000 (2019: RMB24,109,308,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary share of HK\$0.10 each					
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020					
	50,000,000,000	5,000,000	4,405,545	–	4,405,545
Issue and fully paid:					
At 1 January 2019					
	6,070,193,697	607,019	533,389	6,168,607	6,701,996
Issue of shares upon exercise of share options (notes (a) and 43(a))					
	16,673,000	1,667	1,455	22,598	24,053
Dividend paid (note 11)					
	–	–	–	(644,644)	(644,644)
At 31 December 2019 and 1 January 2020					
	6,086,866,697	608,686	534,844	5,546,561	6,081,405
Issue of shares upon exercise of share options (notes (a) and 43(a))					
	46,111,000	4,611	4,098	121,590	125,688
Dividend paid (note 11)					
	–	–	–	(719,587)	(719,587)
At 31 December 2020					
	6,132,977,697	613,297	538,942	4,948,564	5,487,506

Changes in the share capital of the Company during the years ended 31 December 2020 and 2019 are as follows:

- (a) For the year ended 31 December 2020, 46,111,000 (2019: 16,673,000) shares were issued upon exercise of share options. Total proceeds were HK\$104,297,000 (equivalent to approximately RMB92,532,000) (2019: HK\$27,558,000 (equivalent to approximately RMB24,053,000)). The weighted average share price at the time of exercise was HK\$2.267 (2019: HK\$1.443) per share. The related transactions costs were deducted from the proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. PERPETUAL CAPITAL SECURITIES

On 30 September 2020, the Company issued 10.875% perpetual capital securities with an aggregate principal amount of US\$200,000,000 (equivalent to approximately RMB1,361,519,000) (the “Securities”) which are listed on Singapore Exchange Securities Trading Limited at an issue price of 100%. Transaction costs relating to the issue of the Securities amounted to approximately RMB11,465,000. Distribution is payable semi-annually in arrears in equal instalments on 30 March and 30 September of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Company may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Company’s option on 30 September 2023, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 “Financial Instruments: Presentation”, they are classified as equity for accounting purpose. Any distributions made by the Company to the holders of the Securities will be deducted directly to equity in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. THE GROUP'S RESERVES

	Merger reserve RMB'000 (note a)	Exchange reserve RMB'000	Statutory reserve RMB'000 (note b)	Share option reserve RMB'000 (note c)	Capital reserve RMB'000 (note d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2019	382	7,431	965,546	417,491	(478,917)	14,026,181	14,938,114
Profit for the year	–	–	–	–	–	4,594,265	4,594,265
Other comprehensive expense for the year	–	(15,449)	–	–	–	–	(15,449)
Total comprehensive (expense)/income for the year	–	(15,449)	–	–	–	4,594,265	4,578,816
Deemed disposal of a subsidiary without loss of control	–	–	–	–	(12,667)	–	(12,667)
Issue of shares upon exercise of share options	–	–	–	(9,282)	–	–	(9,282)
Share-based payments (note 43(a))	–	–	–	139,961	–	–	139,961
Share options lapsed	–	–	–	(74,225)	–	74,225	–
Transfer to statutory reserves	–	–	99,264	–	–	(99,264)	–
Balance at 31 December 2019 and 1 January 2020	382	(8,018)	1,064,810	473,945	(491,584)	18,595,407	19,634,942
Profit for the year	–	–	–	–	–	5,447,125	5,447,125
Other comprehensive income for the year	–	25,746	–	–	–	21,944	47,690
Total comprehensive income for the year	–	25,746	–	–	–	5,469,069	5,494,815
Deemed disposals of subsidiaries	–	–	(41,043)	–	–	41,043	–
Deemed disposal of a subsidiary without loss of control	–	–	–	–	286,583	–	286,583
Issue of shares upon exercise of share options	–	–	–	(33,156)	–	–	(33,156)
Share-based payments (note 43(a))	–	–	–	112,995	–	–	112,995
Share options lapsed	–	–	–	(193,236)	–	193,236	–
Transfer to statutory reserves	–	–	428	–	–	(428)	–
Balance at 31 December 2020	382	17,728	1,024,195	360,548	(205,001)	24,298,327	25,496,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. THE GROUP'S RESERVES (Continued)

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 5% to 10% of the profit for the year after netting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves is solely determined by the Board of Directors of these foreign investment enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies' articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

For the year ended 31 December 2020, the Board of Directors of the Company's subsidiaries in the PRC, including both local and foreign investment enterprises, appropriated RMB428,000 (2019: RMB99,264,000) to the Statutory Reserves.

- (c) Share option reserve represents value of employee services in respect of share options granted under the Share Option Scheme (note 43).
- (d) Capital reserve arose from the difference between the amount by which the non-controlling interests are adjusted and the consideration paid for the acquisition of additional equity interest in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2020 RMB'000	2019 RMB'000
Profit for the year	5,278,381	4,164,008
Adjustments for:		
Income tax expenses (note 10)	5,223,975	5,303,595
Depreciation of property, plant and equipment (notes 7 and 15)	196,087	189,691
Depreciation of right-of-use assets (notes 7 and 16)	131,877	182,881
Depreciation of land use rights (notes 7 and 18)	20,367	18,158
Amortisation of intangible assets (notes 7 and 21)	319,155	342,890
Dividend income received from financial assets at FVTPL (note 8)	(16,597)	(30,966)
Fair value loss/(gain) of investment properties (note 17)	(189,433)	(178,419)
Fair value (gain)/loss of financial derivatives	(52,838)	82,191
Impairment loss on intangible assets (notes 8 and 21)	–	473,361
Impairment loss on goodwill (notes 8 and 21)	–	203,931
Interest income (note 9)	(466,546)	(580,269)
Interest expense (note 9)	2,284,561	798,774
Loss on disposal of property, plant and equipment (note a)	6,768	17,987
Loss on derecognition of interest in an associate (notes 8 and 19(a))	–	252,016
Loss on disposal of deposits paid for land acquisition (note 8)	–	40,753
Net exchange (gains)/losses	(4,670,815)	785,442
Net fair value (gain)/loss on financial assets at FVTPL (note 8)	307,182	(1,380,931)
Net loss/(gain) on repurchases of senior notes (notes 8 and 31(a))	5,403	(178,438)
Net loss on disposal of investment properties (note 8)	–	193,825
Net gain on disposals of subsidiaries (note 42(a))	(774,075)	(245,581)
Net gain on deemed disposals of subsidiaries (note 42(b))	(816,560)	(2,460,638)
Provision for ECL (notes 4.1 and 8)	876,453	478,070
Remeasurement losses resulting from associates and joint ventures (notes 8 and 41(c))	192,272	–
Share of results of associates	44,756	(92,619)
Share of results of joint ventures (note 19(b))	(37,595)	197,697
Share-based payments (note 43(a))	112,995	139,961
Write-down of completed properties held for sale and properties under development (note 8)	2,578,917	367,737
Written off of intangible assets (note 8)	–	22,230
Written off of debtors and other receivables (note 8)	476,510	275,251
Changes in working capital:		
Inventories	(171,124)	(33,986)
Properties under development and completed properties held for sale	3,567,516	4,510,385
Debtors, deposits and other receivables	(17,091,428)	(14,046,271)
Deposits for land acquisition	1,609,991	(966,713)
Prepayments for proposed development projects	(1,345,919)	(8,017,852)
Restricted cash	(45,441)	(1,578,759)
Contract liabilities	7,647,422	(3,157,249)
Accrued construction costs	5,285,726	4,676,550
Other payables	8,506,053	18,593,565
Cash generated from operations	18,993,996	9,362,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Cash generated from operations (Continued)

Note:

Loss on disposal of property, plant and equipment are as follows:

	2020 RMB'000	2019 RMB'000
Net carrying value disposed (note 15)	29,254	48,192
Proceeds received	(22,486)	(30,205)
Loss on disposal of property, plant and equipment (note 8)	6,768	17,987

(b) Reconciliation of liabilities arising from financing activities

	Borrowings RMB'000 (note 31)	2020 Other payables RMB'000 (note 32)	Lease liabilities RMB'000 (note 30)
As at 1 January 2020	117,195,552	27,021,570	1,386,299
Changes from financing cash flows:			
Increase in other payables	–	742,107	–
Decrease in amounts due to associates	–	(560,454)	–
Decrease in amounts due to joint ventures	–	(809,768)	–
Decrease in amounts due to non-controlling interests of subsidiaries	–	(479,907)	–
Proceeds from bank and other borrowings	19,485,815	–	–
Repayment of loans from associates	(5,000)	–	–
Net proceeds from issuance of senior notes (note 31(a))	21,808,024	–	–
Repayments of bank and other borrowings	(20,293,142)	–	–
Repayments of senior notes	(3,631,784)	–	–
Payments for repurchase of senior notes	(2,841,089)	–	–
Payment of lease liabilities	–	–	(179,924)
Total changes from financing cash flows	131,718,376	25,913,548	1,206,375
Non-cash changes			
– exchange differences	(4,497,152)	–	–
– finance expenses recognised (note 9)	11,484,082	–	41,533
Other changes (note)	(11,806,478)	8,400,769	(551,549)
Acquisitions of subsidiaries (note 41)	1,358,066	2,151,925	–
Disposals of subsidiaries (note 42(a))	(1,877,699)	(8,574,975)	(88,986)
Deemed disposals of subsidiaries (note 42(b))	(4,908,236)	(3,610,654)	(50,925)
As at 31 December 2020	121,470,959	24,280,613	556,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	2019		
	Borrowings	Other payables	Lease liabilities
	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000 (note 30)
As at 1 January 2019	108,765,952	19,917,262	799,167
Changes from financing cash flows:			
Decrease in other payables	–	(1,730,072)	–
Increase in amounts due to associates	–	1,069,243	–
Increase in amounts due to joint ventures	–	962,641	–
Increase in amounts due to non-controlling interests of subsidiaries	–	162,976	–
Proceeds from bank and other borrowings	26,820,102	–	–
Proceeds from loans from associates	2,610,667	–	–
Repayment of loans from associates	(1,240,550)	–	–
Net proceeds from issuance of senior notes (note 31(a))	20,649,999	–	–
Net proceeds from issuance of convertible bonds (note 31(b))	633,200	–	–
Repayments of bank and other borrowings	(22,296,361)	–	–
Repayments of senior notes	(1,973,376)	–	–
Payments for repurchase of senior notes	(3,935,543)	–	–
Payment of lease liabilities	–	–	(226,776)
Total changes from financing cash flows	130,034,090	20,382,050	572,391
Non-cash changes			
– exchange differences	771,440	–	–
– finance expenses recognised (note 9)	10,804,891	–	71,678
Other changes (note)	(9,558,714)	16,490,493	742,230
Acquisitions of subsidiaries (note 41)	1,047,900	1,708,789	–
Disposals of subsidiaries (note 42(a))	(145,185)	(1,344,652)	–
Deemed disposals of subsidiaries (note 42(b))	(15,758,870)	(10,215,110)	–
As at 31 December 2019	117,195,552	27,021,570	1,386,299

Note:

Other changes mainly represented the interest capitalisation, loss/gain on repurchase of senior notes (note 31(a)), additions to new lease liabilities, decrease in other payables included in operating activities and repayment for consideration payables related to acquisitions of subsidiaries, associates and joint ventures included in investing activities.

(c) Non-cash transactions

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows.

During the year ended 31 December 2020, the Group entered into certain lease contracts in which additions of right-of-use assets and lease liabilities amounting to RMB131,437,000 (2019: RMB742,230,000) was recognised at the lease commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at 31 December 2020 and 2019:

	2020 RMB'000	2019 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units sold by the Group	27,272,582	32,816,544

The guarantees in respect of mortgage facilities granted by certain banks related to mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees expire or terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the mortgage loans obtained by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements for the guarantees.

40. COMMITMENTS**(a) Commitments for property development expenditure, acquisitions of property, plant and equipment, acquisitions of subsidiaries, an associate and a joint venture**

	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
– Acquisitions/construction of property, plant and equipment	–	69,257
– Acquisitions of land use rights and property development activities	28,777,924	34,429,933
– Acquisitions of subsidiaries	107,706	4,399,598
– Acquisition of an associate and a joint venture	360,000	560,000
	29,245,630	39,458,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. COMMITMENTS (Continued)

(b) Lease commitments

At the reporting date, the lease commitments for short-term leases and low-value assets leases are as follows:

	2020 RMB'000	2019 RMB'000
Not later than one year	969	6,441
Later than one year and not later than five years	4	–
	973	6,441

As at 31 December 2020, the Group leases staff quarters, offices and office equipment with a lease period of twelve months, which are qualified to be accounted for under low-value assets and short-term lease exemption under HKFRS 16.

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	173,929	211,320
After 1 year but within 2 years	143,228	182,619
After 2 years but within 3 years	97,883	135,328
After 3 years but within 4 years	92,852	93,231
After 4 years but within 5 years	98,715	69,385
After 5 years	160,850	182,316
	767,457	874,199

The Group leases its investment properties (note 17) under operating lease arrangements which run for an initial period of one to twenty-one (2019: one to twenty-one) years, with an option to renew the lease and renegotiated the terms at the expiry date or at the dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of assets

During the year ended 31 December 2020, the Group entered into agreements with independent third parties to acquire certain property development companies at total consideration of RMB5,516,534,000. These companies did not operate any business prior to the acquisitions and only had properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of properties under development.

The considerations of all these transactions were based on the fair value of the assets acquired.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition date are as follows:

	2020 RMB'000
Property, plant and equipment	4,336
Properties under development	6,676,285
Debtors, deposits and other receivables	322,924
Prepaid taxes	384
Cash and bank balances	181,542
Contract liabilities	(120,455)
Accrued construction costs	(215,473)
Borrowings	(873,453)
Other payables	(418,299)
Total identifiable net assets	5,557,791
Less: non-controlling interests	(41,257)
Identifiable net assets acquired	5,516,534
Total purchase consideration	
– Settled in cash during the year	4,413,772
– Payable	1,102,762
	5,516,534
Purchase consideration settled in cash	4,413,772
Cash and bank balances in subsidiaries acquired	(181,542)
Cash outflow on acquisitions of subsidiaries	4,232,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets (Continued)

During the year ended 31 December 2019, the Group acquired controlling equity interests of several individually immaterial subsidiaries at a total consideration of approximately RMB1,258,465,000. These companies did not operate any business prior to the acquisitions and only had property, plant and equipment, properties under development and prepayment for proposed development projects. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of land and building in property, plant and equipment, properties under development and prepayment for proposed development projects.

The considerations of all these transactions were based on the fair value of the assets acquired.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition date are as follows:

	2019 RMB'000
Property, plant and equipment	863,574
Properties under development	760,925
Prepayment for proposed development projects	12,666
Debtors, deposits and other receivables	231,179
Cash and bank balances	8,008
Other payables	(610,227)
Total identifiable net assets	1,266,125
Less: non-controlling interests	(7,660)
Identifiable net assets acquired	1,258,465
Total purchase consideration	
– Settled in cash during the year	1,237,465
– Payable	21,000
	1,258,465
Purchase consideration settled in cash	1,237,465
Cash and bank balances in subsidiaries acquired	(8,008)
Cash outflow on acquisitions of subsidiaries	1,229,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisitions of businesses

Acquisition of Ningbo Langtong Property Service Company Limited* (寧波朗通物業服務有限公司) ("Ningbo Langtong") and Shanghai Zhongxin Architectural Design & Research Institute Co., Ltd.* (上海眾鑫建築設計研究院有限公司) and its subsidiaries ("Shanghai Zhongxin Group")

During the year ended 31 December 2020, the Group acquired 60% equity interest in Ningbo Langtong and 51% equity interest in Shanghai Zhongxin Group at total consideration of RMB27,000,000 and RMB20,856,000 respectively.

Ningbo Langtong is principally engaged in the provision of property management services to industry parks and commercial properties. Goodwill of RMB24,378,000 arose from expected future development of Ningbo Langtong's business and improvement on market coverage.

Shanghai Zhongxin Group is principally engaged in the provision of architectural design services. The acquisition of Shanghai Zhongxin Group is to diversify its business.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for Ningbo Langtong and Shanghai Zhongxin Group, and the fair value of assets and liabilities assumed at the acquisition date.

	Ningbo Langtong RMB'000	2020 Shanghai Zhongxin Group RMB'000	Total RMB'000
Property, plant and equipment	398	826	1,224
Intangible assets	2,900	–	2,900
Deferred tax assets	133	–	133
Debtors, deposits and other receivables	6,528	42,277	48,805
Cash and bank balances	525	4,232	4,757
Contract liabilities	–	(20)	(20)
Income tax payable	(640)	–	(640)
Other payables	(4,749)	(7,435)	(12,184)
Deferred tax liabilities	(725)	–	(725)
Total identifiable net assets at fair value	4,370	39,880	44,250
Less: non-controlling interests	(1,748)	(19,024)	(20,772)
Identifiable net assets acquired	2,622	20,856	23,478
Goodwill (note 21)	24,378	–	24,378
Total purchase consideration	27,000	20,856	47,856
– Settled in cash during the year	14,850	20,856	35,706
– Payable	12,150	–	12,150
	27,000	20,856	47,856
Purchase consideration settled in cash	14,850	20,856	35,706
Cash and bank balances in subsidiaries acquired	(525)	(4,232)	(4,757)
Cash outflow on acquisitions of subsidiaries	14,325	16,624	30,949

Notes:

Ningbo Langtong and Shanghai Zhongxin Group contributed revenues of RMB89,245,000 and net profit of RMB24,799,000 to the Group for the period from acquisition to 31 December 2020. If the acquisitions had occurred on 1 January 2020, the Group's consolidated revenue and consolidated profit for the year would have been increased by RMB122,141,000 and decreased by RMB16,935,000 respectively.

* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisitions of businesses (Continued)

Acquisition of Qinghai Pharmaceutical

During the year ended 31 December 2019, the Group entered into agreement with an independent third party to acquire 54.84% equity interests in Qinghai Pharmaceutical which is engaged in manufacturing and trading of pharmaceutical products to diversify their health care business at a consideration of RMB581,658,000. The directors of the Group were of the view that the acquisition constitutes acquisition of business.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for the acquisitions, the aggregate amounts of fair value of the assets acquired and liabilities assumed of Qinghai Pharmaceutical at the acquisition date.

	2019 RMB'000
Property, plant and equipment	88,030
Intangible assets	314,144
Land use rights	13,600
Deferred tax assets	260
Inventories	121,011
Debtors, deposits and other receivables	83,076
Cash and bank balances	23,037
Accrued construction costs	(450)
Income tax payable	(16,517)
Other payables	(56,439)
Deferred tax liabilities	(152,169)
Total identifiable net assets	417,583
Less: non-controlling interests	(309,782)
Identifiable net assets acquired	107,801
Goodwill (note 21)	473,857
Total purchase consideration	581,658
Purchase consideration settled in cash	581,658
Cash and bank balances in the subsidiary acquired	(23,037)
Cash outflow on acquisition of the subsidiary	558,621

Qinghai Pharmaceutical contributed revenues of approximately RMB238,179,000 and net profit of approximately RMB53,579,000 to the Group for the period from the acquisition date to 31 December 2019. Had Qinghai Pharmaceutical had contributed from 1 January 2019, the consolidated statement of profit or loss and other comprehensive income would show the increase in pro-forma revenue by approximately RMB70,247,000 and the increase in pro forma profit for the year by approximately RMB12,994,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisitions of businesses (Continued)

Acquisitions of Jiaxing Dashu Group and Jiangsu Hengyuan Group

During the year ended 31 December 2019, the Group entered into agreements to acquire 60% equity interests in Jiaxing Dashu Group and 51% equity interests in Jiangsu Hengyuan Group, which are principally engaged in the business of property management including residential communities, offices and commercial buildings, government facilities and other non-residential projects. The directors were of the view that the acquisition constitutes acquisitions of businesses.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for the acquisitions, the aggregate amounts of fair value of the assets acquired and liabilities assumed of Jiaxing Dashu Group and Jiangsu Hengyuan Group at the acquisition date.

	2019		Total RMB'000
	Jiaxing Dashu Group RMB'000	Jiangsu Hengyuan Group RMB'000	
Property, plant and equipment	5,334	4,991	10,325
Intangible assets – customer relationship	12,287	13,000	25,287
Deferred tax assets	681	249	930
Debtors, deposits and other receivables	36,158	20,765	56,923
Cash and bank balances	16,896	2,346	19,242
Other payables	(30,110)	(15,879)	(45,989)
Contract liabilities	(7,873)	(1,936)	(9,809)
Income tax payables	(969)	(98)	(1,067)
Deferred tax liabilities	(3,071)	(3,250)	(6,321)
Total identifiable net assets at fair value	29,333	20,188	49,521
Less: non-controlling interests	(11,733)	(9,892)	(21,625)
Identifiable net assets acquired	17,600	10,296	27,896
Goodwill (note 21)	18,980	23,864	42,844
Total purchase consideration	36,580	34,160	70,740
– Settled in cash during the year	36,580	6,832	43,412
– Payable	–	27,328	27,328
	36,580	34,160	70,740
Purchase consideration settled in cash	36,580	6,832	43,412
Cash and bank balances in subsidiaries acquired	(16,896)	(2,346)	(19,242)
Cash outflow on acquisitions of subsidiaries	19,684	4,486	24,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisitions of businesses (Continued)

Acquisitions of Jiaxing Dashu Group and Jiangsu Hengyuan Group (Continued)

The Jiaxing Dashu Group contributed revenues of approximately RMB94,624,000 and net profit of approximately RMB5,084,000 to the Group for the period from the acquisition date to 31 December 2019. If the acquisitions had occurred on 1 January 2019, the Group's consolidated revenue and consolidated profit for the year would have been increased by approximately RMB37,530,000 and decreased by approximately RMB1,567,000 respectively.

The Jiangsu Hengyuan Group contributed revenues of approximately RMB14,300,000 and net profit of approximately RMB1,403,000 to the Group for the period from the acquisition date to 31 December 2019. If the acquisitions had occurred on 1 January 2019, the Group's consolidated revenue and consolidated profit for the year would have been increased by approximately RMB65,200,000 and decreased by approximately RMB1,812,000 respectively.

The consideration for the acquisition of Jiangsu Hengyuan Group of RMB34,160,000 is subject to downward adjustment of certain performance targets of the Jiangsu Hengyuan Group. With reference to the announcement of Kaisa Prosperity Holdings Limited ("Kaisa Prosperity") on 31 October 2019, the Group may, at its discretion, terminate the agreement or re-negotiate for a lower consideration with the vendors. However, the directors of the Group consider that the probability of not meeting these performance target is low.

* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(c) Acquisition of additional interests in subsidiaries

Acquisitions of additional interests in Lejie Electronic Products (Shenzhen) Co., Ltd.* ("Lejie"), Zhongshan Jiajun Real Estate Development Co., Ltd.* ("Zhongshan Jiajun") and Guangdong Meisi Real Estate Co., Ltd.* ("Guangdong Meisi")

During the year ended 31 December 2020, the Group entered into capital injection agreements and share transfer agreements to further acquire 12.0% equity interest in an associate, Lejie at the consideration of RMB39,239,000, 50.0% equity interest in an associate, Zhongshan Jiajun at the consideration of RMB8,000,000 and 70.003% equity interest in an associate, Guangdong Meisi at the consideration of RMB101,000,000.

Upon the capital injections to Lejie and Zhongshan Jiajun and share transfer to Guangdong Meisi, the Group becomes a holding company of these companies.

Lejie, Zhongshan Jiajun and Guangdong Meisi had properties under development, hence the Group considered this would be acquisitions of properties under development in substance.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

	2020 RMB'000
Property, plant and equipment	171
Intangible assets	1,332
Properties under development	3,612,033
Debtors, deposits and other receivables	2,263,921
Prepaid tax	51,848
Cash and bank balances	322,192
Accrued construction costs	(886,159)
Borrowings	(484,613)
Other payables and contract liabilities	(4,389,454)
Total identifiable net assets at fair value	491,271
Less: non-controlling interests	(181,529)
	309,742
Satisfied by:	
Cash	148,239
Fair value of previously held equity interest in Lejie, Zhongshan Jiajun and Guangdong Meisi	161,503
	309,742
Cash	148,239
Cash and bank balances in subsidiaries acquired through capital injection	(322,192)
Net cash inflow on acquisitions of subsidiaries through capital injection	(173,953)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(c) Acquisition of additional interests in subsidiaries (Continued)

Acquisitions of additional interests in Lejie Electronic Products (Shenzhen) Co., Ltd. * (“Lejie”), Zhongshan Jiajun Real Estate Development Co., Ltd. * (“Zhongshan Jiajun”) and Guangdong Meisi Real Estate Co., Ltd. * (“Guangdong Meisi”) (Continued)

Lejie, Zhongshan Jiajun and Guangdong Meisi contributed revenues of approximately RMB2,916,381,000 and net profit of approximately RMB181,322,000 to the Group for the period from the acquisition dates to 31 December 2020. If the acquisitions had occurred on 1 January 2020, the Group’s consolidated profit for the year would have been decreased by approximately RMB52,630,000.

Accordingly, the Group remeasured its previously held equity interest in Lejie, Zhongshan Jiajun and Guangdong Meisi at its acquisition date fair value and recognised the resulting loss of RMB181,656,000 in the profit or loss in accordance with HKFRS 3 (Revised) “Business Combinations”. The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(c) Acquisition of additional interests in subsidiaries (Continued)

Acquisitions of additional interests in Kaisa Financial Group Company Limited ("Kaisa Financial Group"), Kaisa Asset Management Limited ("Kaisa Asset Management") and Kaisa Financial Group Limited ("Kaisa Financial")

During the year ended 31 December 2020, the Group entered into share transfer agreements to acquire 91% and 75% equity interest in associates, Kaisa Financial Group and Kaisa Asset Management at the consideration of RMB124,837,000 and RMB678,000 respectively, and newly acquire 100% equity interest in Kaisa Financial at the consideration of RMB32,834,000.

Upon the share transfer to Kaisa Financial Group and Kaisa Asset Management, the Group becomes a holding company of these companies.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

	2020 RMB'000
Intangible assets	14,690
Debtors, deposits and other receivables	175,310
Cash and bank balances	94,042
Other payables	(125,693)
Total identifiable net assets at fair value	158,349
Satisfied by:	
Cash	148,591
Fair value of previously held equity interest in Kaisa Financial Group and Kaisa Asset Management	9,758
	158,349
Cash	148,591
Cash and bank balances in subsidiaries acquired through capital injection	(94,042)
Net cash outflow on acquisitions of subsidiaries	54,549

Kaisa Financial Group, Kaisa Asset Management and Kaisa Financial contributed revenues of approximately RMB25,063,000 and net profit of approximately RMB19,460,000 to the Group for the period from the acquisition date to 31 December 2020. If the acquisitions had occurred on 1 January 2020, the Group's consolidated revenue and consolidated profit for the year would have been increased by approximately RMB21,167,000 and RMB21,531,000 respectively.

Accordingly, the Group remeasured its previously held equity interest in Kaisa Financial Group, and Kaisa Asset Management at its acquisition date fair value and recognised the resulting loss of RMB10,616,000 in the profit or loss in accordance with HKFRS 3 (Revised) "Business Combinations". The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

(c) Acquisition of additional interests in subsidiaries (Continued)

Acquisitions of additional interests in financial institutions (Continued)

During the year ended 31 December 2019, the Group entered into a cooperation agreement with an associate of the Group to acquire 90% direct equity interest in Guangzhou Yurui Real Estate Development Co., Ltd.* (Guangzhou Yurui") and its subsidiaries ("Guangzhou Yurui Group") at RMB18,000,000. The Group's effective equity interest in Guangzhou Yurui Group then increased from 49% to 94.90%.

Guangzhou Yurui entered into a cooperation agreement with Guangdong Kaisa that Guangzhou Yurui injected RMB306,000,000 to Guangzhou Yaxiang Real Estate Development Co., Ltd.* ("Guangzhou Yaxiang") to obtain 25% equity interest in Guangzhou Yaxiang. The Group's effective equity interest in Guangzhou Yaxiang then increased from 49% to 60.48%.

Upon the capital injections to Guangzhou Yurui and Guangzhou Yaxiang, the Group is entitled to appoint two directors out of a total of three. In the view of the Group, the Group can operate the investees and direct all relevant financing and operating activities relating to daily investment activities for the investee by simple majority votes. Accordingly, Guangzhou Yurui Group and Guangzhou Yaxiang become subsidiaries of the Group.

Guangzhou Yurui Group and Guangzhou Yaxiang had properties under development and completed properties held for sale, hence the Group considered this would be acquisitions of properties under development and completed properties held for sale in substance.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

	2019 RMB'000
Property, plant and equipment	266
Properties under development	4,457,216
Completed properties held for sale	5,145,066
Debtors, deposits and other receivables	812,560
Prepaid tax	143,127
Cash and bank balances	736,346
Borrowings	(1,047,900)
Accrued construction costs	(1,607,294)
Contract liabilities and other payables	(7,900,439)
Total identifiable net assets at fair value	738,948
Less: non-controlling interests	(738,948)
Capital injection	324,000
Cash and bank balances in subsidiaries acquired through capital injection	(736,346)
Net cash inflow on acquisitions of subsidiaries through capital injection	(412,346)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES

(a) Disposals of subsidiaries

During the year ended 31 December 2020, the Group entered into cooperation agreements with a number of independent third parties for the disposals of certain subsidiaries for an aggregate consideration of RMB867,978,000. Upon the share transferred, the Group's equity interests in certain subsidiaries have been become from 100% to 47%, 40%, 30% and 0% respectively. These subsidiaries are engaged in cinema, department store and cultural centre operations, hotel operation, investment holding and holding property redevelopment projects, properties under development and completed properties held for sale. Upon the completion of disposals, these companies ceased to be subsidiaries of the Group and 47%, 40% and 30% equity interests held by the Group were then accounted for as joint ventures of the Group.

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	479,298
Right-of-use assets	89,116
Investment in an associate	100,000
Land use rights	52,236
Deferred tax assets	42
Properties under development	2,337,207
Completed properties held for sale	233,801
Inventories	11,102
Debtors, deposits and other receivables	3,269,074
Prepaid tax	3,880
Cash and bank balances	54,103
Contract liabilities	(15,263)
Accrued construction costs	(656,451)
Income tax payable	(45,043)
Borrowings	(1,877,699)
Other payables	(3,610,654)
Leases liabilities	(88,986)
	335,763
Non-controlling interest	1,747
Net assets disposed of	337,510
Net gain on disposals of subsidiaries	774,075
	1,111,585
Satisfied by:	
Cash	867,978
Fair values of the 47%, 40% and 30% equity interests in joint ventures (note)	243,607
	1,111,585
Net cash outflow arising on disposal:	
Cash received	867,978
Cash and bank balances disposals of	(54,103)
	813,875

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. The reminding interests held by the Group were remeasured at fair values at the date the Group lost control over these companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES

(a) Disposals of subsidiaries (Continued)

During the year ended 31 December 2019, the Group entered into cooperation agreements with a number of independent third parties for the disposals of certain subsidiaries for an aggregate consideration of RMB305,906,000. Upon the share transferred, the Group's equity interests in certain subsidiaries have been become from 100% to 45%, 50%, 50% and 51% respectively. These subsidiaries are engaged in investment holding and holding property redevelopment projects, properties under development and completed properties held for sale. Upon the completion of disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as joint ventures of the Group.

	2019 RMB'000
Net assets disposed of:	
Property, plant and equipment	59,593
Investment properties	557,000
Land use rights	30,358
Properties under development	31,188
Completed properties held for sale	105,150
Prepayments for proposed development projects	791,328
Debtors, deposits and other receivables	507,287
Prepaid tax	56
Cash and bank balances	1,309
Contract liabilities	(11,800)
Accrued construction costs	(51,251)
Income tax payable	(134,534)
Borrowings	(145,185)
Other payables	(1,344,652)
Deferred tax liabilities	(46,946)
	348,901
Non-controlling interest	(9,968)
	338,933
Net assets disposed of	338,933
Net gain on disposals of subsidiaries	245,581
	584,514
Satisfied by:	
Cash	305,906
Fair values of the 45%, 50%, 50% and 51% equity interests in joint ventures (note)	278,608
	584,514
Net cash outflow arising on disposal:	
Cash received	305,906
Cash and bank balances disposals of	(1,309)
	304,597

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. The reminding interests held by the Group were remeasured at fair values at the date the Group lost control over these companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES (Continued)

(b) Deemed disposals of subsidiaries

During the year ended 31 December 2020, the Group entered into capital injection agreements with a number of independent third parties for the capital injection of certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% owned subsidiaries to joint ventures. These subsidiaries were engaged in catering operation, property investment, investment holding and holding property redevelopment projects, properties under developments and completed properties held for sale.

Upon completion of the deemed disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as joint ventures of the Group using equity method. The fair value of the retained interests in these companies at the date on which the control was lost is regarded as the cost on initial recognition of the investments in joint ventures.

The following table summarises the net assets of the subsidiaries disposed of during the current year and the financial impacts are summarised as follows:

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	19,620
Right-of-use assets	48,981
Investment properties	2,143,000
Investments in associates	506,557
Deferred tax assets	61
Properties under development	3,079,612
Completed properties held for sale	39,743
Inventories	3,543
Prepayments for proposed development projects	123,878
Debtors, deposits and other receivables	10,713,283
Prepaid tax	174,774
Financial assets at fair value through profit or loss	3,000
Cash and bank balances	726,153
Contract liabilities	(1,343,883)
Accrued construction costs	(1,631,134)
Income tax payable	(165,131)
Leases liabilities	(50,925)
Borrowings	(4,908,236)
Other payables	(8,574,975)
Deferred tax liabilities	(289,200)
	618,721
Non-controlling interest	(16,083)
	602,638
Net assets disposed of	602,638
Net gain on deemed disposals of subsidiaries	816,560
	1,419,198
Satisfied by:	
Fair values of the equity interests in joint ventures (note 19(b))	1,419,198
Net cash outflow arising on deemed disposals:	
Cash and bank balances disposals of	(726,153)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES (Continued)

(b) Deemed disposals of subsidiaries (Continued)

During the year ended 31 December 2019, the Group entered into capital injection agreements with a number of independent third parties for the capital injection of certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% owned subsidiaries to joint ventures or associates. These subsidiaries were engaged in investment holding and holding property redevelopment projects properties under development, completed properties held for sale and deposits for land acquisition.

Upon completion of the deemed disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as associates and joint ventures of the Group using equity method. The fair value of the retained interests in these companies at the date on which the control was lost is regarded as the cost on initial recognition of the investments in associates and joint ventures.

The following table summarises the net assets of the subsidiaries disposed of during the current year and the financial impacts are summarised as follows:

	2019 RMB'000
Net assets disposed of:	
Property, plant and equipment	62,736
Investment properties	909,000
Investment in an associate	167,160
Properties under development	14,813,388
Completed properties held for sale	930,746
Deposits for land acquisition	631,945
Prepayments for proposed development projects	2,537,925
Debtors, deposits and other receivables	12,747,090
Prepaid tax	26,658
Financial assets at fair value through profit or loss	28,656
Cash and bank balances	1,737,291
Contract liabilities	(3,559,273)
Accrued construction costs	(4,338,530)
Borrowings	(15,758,870)
Other payables	(10,215,110)
Deferred tax liabilities	(59,417)
	661,395
Non-controlling interest	(176,313)
	485,082
Net assets disposed of	485,082
Net gain on deemed disposals of subsidiaries	2,460,638
	2,945,720
Satisfied by:	
Fair values of the equity interests in associates (note 19(a))	— [#]
Fair values of the equity interests in joint ventures (note 19(b))	2,945,720
	2,945,720
Net cash outflow arising on deemed disposals:	
Cash and bank balances disposals of	(1,737,291)

[#] Amount less than RMB1,000

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. The remaining interests held by the Group is measured at fair value at the date the Group lost control over these certain companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION

(a) Share Option Scheme of the Company

Pursuant to the shareholders' resolution passed on 14 June 2019, a post-IPO share option scheme is terminated and the new share option scheme (the "Share Option Scheme") is conditionally adopted with effective from 14 June 2019. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of the Company.

Details of the movement of the share options under Share Option Scheme are as follows:

	2020		2019	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	3.464	435,053,000	3.478	516,756,000
Granted during the year	3.690	10,000,000	3.243	52,000,000
Exercised during the year (note 35)	2.267	(46,111,000)	1.443	(16,673,000)
Cancelled/lapsed during the year	4.502	(100,720,000)	3.669	(117,030,000)
At 31 December	3.307	298,222,000	3.464	435,053,000

As at 31 December 2020, 171,822,000 (2019: 203,653,000) outstanding options granted under the Share Option Scheme were exercisable (note).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(a) Share Option Scheme of the Company (Continued)

Note: Terms of share options at the reporting date were as follows:

Exercised period	Vesting period	Exercise price per share HK\$	Number of share options	
			2020	2019
10/6/2010-24/4/2022	9/12/2009-9/6/2010	3.105	2,222,000	5,350,000
30/3/2011-24/4/2022	9/12/2009-29/3/2011	3.105	7,650,000	8,250,000
24/4/2012-24/4/2022	9/12/2009-23/4/2012	3.105	8,500,000	8,500,000
23/7/2011-22/7/2020	23/7/2011-22/7/2011	2.000	—	2,100,000
23/7/2012-22/7/2020	23/7/2012-22/7/2012	2.000	—	2,300,000
23/7/2013-22/7/2020	23/7/2013-22/7/2013	2.000	—	2,900,000
23/7/2014-22/7/2020	23/7/2014-22/7/2014	2.000	—	3,540,000
23/7/2015-22/7/2020	23/7/2015-22/7/2015	2.000	—	6,020,000
6/6/2013-5/6/2022	6/6/2013-5/6/2014	1.500	893,000	3,784,000
6/6/2014-5/6/2022	6/6/2014-5/6/2015	1.500	1,060,000	4,031,000
6/6/2015-5/6/2022	6/6/2015-5/6/2016	1.500	7,953,200	11,277,000
6/6/2016-5/6/2022	6/6/2016-5/6/2017	1.500	9,190,400	12,279,000
6/6/2017-5/6/2022	6/6/2017-5/6/2018	1.500	9,553,400	12,722,000
19/7/2018-18/7/2027	19/7/2018-18/7/2019	3.550	36,600,000	49,400,000
19/7/2019-18/7/2027	19/7/2019-18/7/2020	3.550	40,200,000	49,400,000
19/7/2020-18/7/2027	19/7/2020-18/7/2021	3.550	40,200,000	49,400,000
19/7/2021-18/7/2027	19/7/2021-18/7/2022	3.550	82,800,000	98,800,000
22/9/2018-21/9/2027	22/9/2018-21/9/2019	6.660	—	4,000,000
22/9/2019-21/9/2027	22/9/2019-21/9/2020	6.660	—	4,000,000
22/9/2020-21/9/2027	22/9/2020-21/9/2021	6.660	—	4,000,000
22/9/2021-21/9/2027	22/9/2021-21/9/2022	6.660	—	8,000,000
29/11/2018-28/11/2027	29/11/2018-28/11/2019	4.370	—	5,600,000
29/11/2019-28/11/2027	29/11/2019-28/11/2020	4.370	—	5,600,000
29/11/2020-28/11/2027	29/11/2020-28/11/2021	4.370	—	5,600,000
29/11/2021-28/11/2027	29/11/2021-28/11/2022	4.370	—	11,200,000
12/6/2019-11/6/2028	12/6/2019-11/6/2020	4.370	—	2,600,000
12/6/2020-11/6/2028	12/6/2020-11/6/2021	4.370	—	2,600,000
12/6/2021-11/6/2028	12/6/2021-11/6/2022	4.370	—	2,600,000
12/6/2022-11/6/2028	12/6/2022-11/6/2023	4.370	—	5,200,000
24/1/2020-23/1/2029	24/1/2020-23/1/2021	2.380	2,000,000	2,000,000
24/1/2021-23/1/2029	24/1/2021-23/1/2022	2.380	2,000,000	2,000,000
24/1/2022-23/1/2029	24/1/2022-23/1/2023	2.380	2,000,000	2,000,000
24/1/2023-23/1/2029	24/1/2023-23/1/2024	2.380	4,000,000	4,000,000
12/4/2020-11/4/2029	12/4/2020-11/4/2021	3.700	5,800,000	6,800,000
12/4/2021-11/4/2029	12/4/2021-11/4/2022	3.700	6,280,000	6,800,000
12/4/2022-11/4/2029	12/4/2022-11/4/2023	3.700	6,280,000	6,800,000
12/4/2023-11/4/2029	12/4/2023-11/4/2024	3.700	13,040,000	13,600,000
4/11/2021-4/11/2030	4/11/2021-3/11/2022	3.690	2,000,000	—
4/11/2022-4/11/2030	4/11/2022-3/11/2023	3.690	2,000,000	—
4/11/2023-4/11/2030	4/11/2023-3/11/2024	3.690	2,000,000	—
4/11/2024-4/11/2030	4/11/2024-3/11/2025	3.690	4,000,000	—
			298,222,000	435,053,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(a) Share Option Scheme of the Company (Continued)

The Company offered to grant several directors and employees (the "July 2010 Grant") of 179,750,000 share options of HK\$0.10 each in the capital of the Company on 23 July 2010.

On 6 June 2012, the Company further offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 share options respectively of HK\$0.10 each in the capital of the Company.

During the year ended 31 December 2014, the Company offered to grant an employee and a consultant (the "February 2014 Grant") total of 11,000,000 share options and an employee (the "August 2014 Grant") total of 3,000,000 share option respectively of HK\$0.10 each in the capital of the Company on 21 February 2014 and 21 August 2014 respectively.

On 19 July 2017, the Company offered to grant to the directors of the Company and certain employees of the Company and its subsidiaries (the "July 2017 Grant") of 64,000,000 and 250,300,000 share options respectively, of HK\$0.1 each in the capital of the Company. The Company further granted a director of the Company (the "September 2017 Grant" and the "November 2017 Grant") of 20,000,000 and 28,000,000 shares options on 22 September 2017 and 29 November 2017 respectively of HK\$0.1 each in the capital of the Company.

On 3 April 2018, the Company offered to grant to one of the directors of the Company (the "April 2018 Grant") of 20,000,000 share options of HK\$0.1 each in the capital of the Company. The Company further granted certain employees of the Company and its subsidiaries (the "June 2018 Grant") of 43,000,000 shares options on 11 June 2018 of HK\$0.1 each in the capital of the Company.

On 24 January 2019, the Company offered to grant to certain employees of the Company and its subsidiaries (the "January 2019 Grant") of 18,000,000 share options of HK\$0.1 each in the capital of the Company. The Company further granted certain employees of the Company and its subsidiaries (the "April 2019 Grant") of 34,000,000 share options on 12 April 2019 of HK\$0.1 each in the capital of the Company.

On 4 November 2020, the Company offered to grant to an employee of the Company and its subsidiaries (the "November 2020 Grant") of 10,000,000 share options of HK\$0.10 each in the capital of the Company.

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

	July 2010 Grant	June 2012 Grant	February 2014 Grant	August 2014 Grant	July 2017 Grant	September 2017 Grant	November 2017 Grant	April 2018 Grant	June 2018 Grant	January 2019 Grant	April 2019 Grant	November 2020 Grant
Fair value under binomial model (HK\$'000)	142,362	198,688	8,514	2,592	543,168	68,887	61,987	37,218	77,023	17,677	51,857	13,298
Closing share price at grant date (HK\$)	1.71	1.39	2.60	2.83	3.55	6.66	4.26	4.31	4.35	2.37	3.69	3.68
Exercise price (HK\$)	2.00	1.50	2.61	2.84	3.55	6.66	4.37	4.32	4.37	2.38	3.70	3.69
Annual risk free interest rate	2.29%	1.04%	2.30%	1.94%	2.05%	2.01%	2.23%	2.64%	2.93%	2.49%	2.26%	0.91%
Expected volatility	40%	44%	45%	43%	42%	43%	44%	44%	44%	45%	46%	46%
Expected option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	Nil	Nil	6.0%	5.0%	Nil	Nil	Nil	2.5%	2.5%	2.5%	2.5%	3.46%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(a) Share Option Scheme of the Company (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price from the listing date to the grant date. The risk-free interest rate is equal to Hong Kong Dollar swap rate over the exercise period at the grant date.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share option expense of RMB112,995,000 (2019: RMB139,961,000) during the year ended 31 December 2020.

(b) Share Option Scheme of Kaisa Health Group

Kaisa Health Group, a non-wholly owned subsidiary of the Company, operates a share option scheme (the "Kaisa Health's Scheme"). The Kaisa Health's Scheme was adopted pursuant to a special general meeting on 8 June 2015 for a period of 10 years as incentive or reward for the grantees for their contribution or potential contribution to Kaisa Health Group and its subsidiaries.

During the year ended 31 December 2020, a total of 148,000,000 options were granted, none of options were exercised and cancelled, and a total of 161,340,000 were forfeited/lapsed.

Under the Kaisa Health's Scheme, Kaisa Health Group may grant options to eligible participant which includes any full-time or part-time employees, consultants, potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of Kaisa Health Group or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the board of directors, will contribute or has contributed to Kaisa Health Group and/or any of its subsidiaries.

Share options granted to a director, chief executive or substantial shareholder of Kaisa Health Group, or to any of their associates, are subject to approval by the independent non-executive directors of Kaisa Health Group. In addition, any share options granted to a substantial shareholder or any independent non-executive director of Kaisa Health Group, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in any one year up to and including the date of such grant (i) representing in aggregate value over 0.1% of the shares of Kaisa Health Group in issue on that date; and (ii) having an aggregate value, based on the closing price of the shares on the date of each grant, in excess of HK\$5 million, are subject to shareholders' approval in a general meeting.

The exercisable period of the options granted are determined by the board of directors of Kaisa Health Group at its absolute discretion. The share options will expire no later than ten years from the date of grant. At the time of grant of the share options, Kaisa Health Group may specify a minimum period for which an option must be held before it can be exercised. The acceptance date should not be later than 14 days after the date of offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The subscription price of the option shares is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the Kaisa Health's Scheme may not exceed, in aggregate, nominal amount of 10% of the issued share capital of Kaisa Health Group at the date of approval of the Kaisa Health's Scheme. The Kaisa Health's Scheme limit may be increased from time to time to 10% of the shares in issue as at the date of such shareholders' approval. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time. The number of shares in respect of which options may be granted to each eligible participants in any one year is not permitted to exceed 1% of the shares of Kaisa Health Group in issue from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(b) Share Option Scheme of Kaisa Health Group (Continued)

At 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Kaisa Health's Scheme was 245,800,000 (2019: 259,140,000), representing 4.9% (2019: 5.1%) of the shares of the Kaisa Health Group Holdings Limited in issue at that date.

During the year ended 31 December 2020, options were granted on 22 July 2020 and the estimated fair values of the options granted on that date were HK\$12,121,000.

The fair values of share options were calculated using binomial option pricing model based on following data:

	16 June 2015	24 July 2015	12 September 2016	22 July 2020
Share price at grant date (HK\$)	0.780	0.690	0.350	0.144
Exercise price (HK\$)	0.784	0.784	0.400	0.196
Expected volatility	73.49%	80.31%	76.75%	63.68%
Expected option life	5 years	5 years	6 years	10 years
Annual risk-free interest rate	1.296%	1.230%	0.713%	0.396%
Expected dividend yield	5.17%	4.62%	0.00%	0.00%
Early exercise multiples				
– Director and its associate	N/A	2.8x	2.8x	2.8x
– Employees or consultants	2.2x	N/A	2.2x	2.8x

The variables and assumptions used in computing the fair value of the share options were based on Kaisa Health Group's directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Details of specific categories of options are as follows:

Grant date	Date of grant	Vesting period	Exercisable period	Exercise price	Closing price of the securities immediately before the date on which the options were granted
2015A	16/6/2015	16/6/2015–15/6/2019	16/6/2016–15/6/2020	HK\$0.784	HK\$0.790
2015B	24/7/2015 (note i)	16/6/2015–15/6/2019	16/6/2016–15/6/2020	HK\$0.784	HK\$0.710
2016	12/9/2016	12/9/2016–15/6/2019	12/9/2017–11/9/2022	HK\$0.400	HK\$0.350
2020	22/7/2020 (note ii)	22/7/2020–21/7/2023	22/7/2020–21/7/2030	HK\$0.196	HK\$0.142

Notes:

- (i) Share options subject to approval of independent shareholders was proposed and granted by board of directors on 16 June 2015. The approval was subsequently obtained on 24 July 2015 which was the date of grant as defined in accordance with HKFRS 2.
- (ii) Share options subject to approval of independent shareholders was proposed and granted by board of directors on 22 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(b) Share Option Scheme of Kaisa Health Group (Continued)

A summary of the movements of the number of share options under the Kaisa Health's Scheme during the years is as follows:

Type of participant	Option type	Outstanding at 1 January 2019	Forfeited during the year ended 31 December 2019	Outstanding at 31 December 2019 and 1 January 2020	Forfeited/ Lapsed during the year ended 31 December 2020	Grant during the year ended 31 December 2020	Outstanding at 31 December 2020
Mr. Wu Tianyu	2015B	74,070,000	–	74,070,000	(74,070,000)	–	–
Ms. Jiang Sisi	2015B	74,070,000	–	74,070,000	(74,070,000)	–	–
Mr. Wu Tianyu	2016	38,000,000	–	38,000,000	–	–	38,000,000
Ms. Jiang Sisi	2016	38,000,000	–	38,000,000	–	–	38,000,000
Ms. Wu Ansheng (note)	2016	8,000,000	–	8,000,000	–	–	8,000,000
Employees	2015A	3,800,000	(800,000)	3,000,000	(3,000,000)	–	–
Employees	2016	23,500,000	(3,500,000)	20,000,000	(6,200,000)	–	13,800,000
Consultants	2015A	4,000,000	–	4,000,000	(4,000,000)	–	–
Mr. Zhang Huagang	2020	–	–	–	–	50,000,000	50,000,000
Mr. Luo Jun	2020	–	–	–	–	40,000,000	40,000,000
Mr. Wu Tianyu	2020	–	–	–	–	20,000,000	20,000,000
Dr. Liu Yanwen	2020	–	–	–	–	6,000,000	6,000,000
Mr. Fok Hei Yu	2020	–	–	–	–	6,000,000	6,000,000
Dr. Lyu Aiping	2020	–	–	–	–	6,000,000	6,000,000
Ms. Jiang Sisi	2020	–	–	–	–	10,000,000	10,000,000
Employee	2020	–	–	–	–	10,000,000	10,000,000
		263,440,000	(4,300,000)	259,140,000	(161,340,000)	148,000,000	245,800,000
Exercisable at the end of the year		177,055,000		234,640,000			88,020,000
Weighted average exercise price		HK\$0.627	HK\$0.471	HK\$0.630	HK\$0.769	HK\$0.196	HK\$0.277

Note: Ms. Wu Ansheng is the general manager and sales director of a subsidiary of Kaisa Health Group and a sister of Mr. Wu.

In the opinion of the directors, the fair value of the services received from consultants cannot be estimated reliably, the equity-settled share-based payment transactions with consultants are measured at the fair value of the equity instruments granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)**(c) Share Option Scheme of Kaisa Prosperity**

Kaisa Prosperity, a non-wholly owned subsidiary of the Company, operates a share option scheme (the “Kaisa Prosperity’s Scheme”). The Kaisa Prosperity’s Scheme was adopted pursuant to the shareholders’ resolution passed on 18 June 2019. Pursuant to the terms of the share option scheme, Kaisa Prosperity may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of Kaisa Prosperity and its subsidiaries, advisers, consultants, suppliers, agents and customers of any members of the Kaisa Prosperity). The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Kaisa Prosperity’s Scheme or any other Kaisa Prosperity’s Schemes adopted by Kaisa Prosperity must not exceed 30% of the Kaisa Prosperity’s shares in issue from time to time.

No options may be granted under the Kaisa Prosperity’s Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by Kaisa Prosperity at the time of the grant, and the options expire no later than 10 years from the relevant date of grant.

The exercise price of the option under the Kaisa Prosperity’s Scheme shall be no less than the highest of (i) the official closing price of Kaisa Prosperity’s shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of Kaisa Prosperity’s shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of Kaisa Prosperity.

Details of the movement of the share options under Kaisa Prosperity Scheme are as follows:

	Weighted average exercise price in HK\$ per share	Number
As at 1 January 2020	15.7	11,450,000
Lapsed during the year	15.7	(850,000)
As at 31 December 2020	15.7	10,600,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. SHARE OPTION (Continued)

(c) Share Option Scheme of Kaisa Prosperity (Continued)

On 19 July 2019, Kaisa Prosperity offered to grant to the directors of the Kaisa Prosperity and certain employees of Kaisa Prosperity and its subsidiaries (the "July 2019 Grant") of 2,750,000 and 8,700,000 share options respectively, of HK\$0.1 each in the capital of Kaisa Prosperity. The closing price of the shares immediately before the date of grant was HK\$15.36. The 8,700,000 share options granted to the employees and 2,750,000 share options granted to the directors of the Kaisa Prosperity have a fair value under the binomial model of HK\$62,564,000 and HK\$22,241,000, respectively.

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

	July 2019 Grant
Fair value under binomial model	HK\$84,805,000
Closing share price at grant date	HK\$15.7
Exercise price	HK\$15.7
Annual risk free interest rate	1.87%
Expected volatility	50.86%
Expected option life	10 years
Expected dividend yield	1.15%

Expected volatility was determined by using the historical volatility of Kaisa Prosperity's share price from the listing date to the grant date. The risk free interest rate is equal to HK\$ swap rate over the exercise period at the grant date.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

As at 31 December 2020, 2,120,000 of the outstanding options granted under the share option scheme were exercisable (2019: nil).

Note:

Terms of share options at the reporting date were as follows:

Exercise period	Exercise price per share HK\$	Number of share options as at 31 December 2020
19/7/2020–18/7/2029	15.70	2,120,000
19/7/2021–18/7/2029	15.70	2,120,000
19/7/2022–18/7/2029	15.70	2,120,000
19/7/2023–18/7/2029	15.70	4,240,000
		10,600,000

Note: Such share options shall be vested in four tranches in accordance with the following dates: (i) up to 20% of the share options granted to each grantee at any time after the expiration of 12 months from the date of grant, i.e. 18 July 2020; (ii) up to 40% of the share options granted to each grantee at any time after the expiration of 24 months from the date of grant, i.e. 18 July 2021; (iii) up to 60% of the share options granted to each grantee at any time after the expiration of 36 months from the date of grant, i.e. 18 July 2022; and (iv) all the remaining share options granted to each grantee at any time after the expiration of 48 months from the date of grant. The shares options are exercisable within a period of ten years from the date of grant, i.e. 18 July 2029, subject to the vesting schedule.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per consolidated statement of financial position

	2020 RMB'000	2019 RMB'000
Financial assets at amortised cost		
Debtors, deposits and other receivables, excluding prepayments and prepaid other taxes	42,239,358	27,035,652
Long-term bank deposits (note 28)	1,200,000	1,600,000
Restricted cash (note 27)	6,248,888	6,016,455
Short-term bank deposits (note 28)	3,585,570	2,536,724
Cash and bank balances (note 28)	36,078,762	26,824,859
	89,352,578	64,013,690
Financial assets at FVTPL		
Financial assets at FVTPL (note 20)	10,707,500	7,850,391

Liabilities as per consolidated statement of financial position

	2020 RMB'000	2019 RMB'000
Financial liabilities at amortised cost		
Accrued construction costs	18,593,833	14,494,060
Borrowings (note 31)	121,470,959	117,195,552
Other payables, excluding deed tax and other tax payables	22,509,450	24,572,291
Lease liabilities (note 30)	556,448	1,386,299
	163,130,690	157,648,202
Financial liabilities at FVTPL		
Derivative financial instruments (note 33)	27,450	82,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Controlling shareholder

Mr. Kwok Ying Shing

A related company, a company controlled by a substantial shareholder of the Company

Shenzhen Fund Resources Investment Holding Limited* (“深圳市富德資源投資有限公司”)

Associates

Dachang Hui Autonomous Country Jiatong Real Estate Development Co., Ltd.* (“大廠回族自治縣佳通房地產開發有限公司”)

Lejie Electronic Products (Shenzhen) Co., Ltd.* (“樂捷電子產品(深圳)有限公司”)

E zhou Liangtai Real Estate Co., Ltd.* (“鄂州梁泰地產有限公司”)

Guan Kongqueting Real Estate Development Co., Ltd.* (“固安孔雀亭房地產開發有限公司”)

Guangdong Kaisa Jiayun Technology Co., Ltd.* (formerly known as “Guangdong Mingjia Lianhe Mobile Technology Co., Ltd.”*) (“廣東佳兆業佳雲科技股份有限公司，前稱廣東明家聯合移動科技股份有限公司”)

Guangdong Meisi Real Estate Company Ltd.* (“廣東美思置業有限公司”)

Guangdong Kaisa Property Development Co., Ltd.* (“廣東佳兆業房地產開發有限公司”) and its subsidiaries

Hainan Free-Trade Zone Xiangruiyuan Real Estate Development Co., Ltd.* (“海南自貿區香瑞園房地產開發有限公司”)

Hainan Hongan Co., Ltd.* (“海南弘安實業有限公司”)

Kaisa United Assets Management (Beijing) Co., Ltd.* (“佳兆業聯合資產管理(北京)有限公司”)

Kunming Runhe Real Estate Development Co., Ltd.* (“昆明潤合房地產開發有限公司”)

Kaisa United Financial Group Holdings Limited* (“佳兆業聯合金融集團控股有限公司”)

Nam Tai Property Inc.

Nanjing Zhengye Property Development Co., Ltd.* (“南京正業置業發展有限公司”)

Sanya Baijia Century Real Estate Development Co., Ltd.* (“三亞佰佳世紀房地產開發有限公司”)

Shenzhen Qianhai Gold – Earth Wealth Management Co., Ltd.* (“深圳前海金土財富管理有限公司”)

Shenzhen Longcheng Plaza Property Development Co., Ltd.* (“深圳市龍城廣場房地產開發有限公司”)

Shenzhen Shenxin ChanYe Holding Co., Ltd.* (formerly known as “Shenzhen Shenxin Financial Holding Co., Ltd.”*) (“深圳深信產業控股有限公司”前稱“深圳深信金融控股有限公司”)

Shenzhen Shenxin Financial Services Co., Ltd.* (“深圳深信金融服務有限公司”)

Shenzhen Shenxin Capital Management Co., Ltd.* (“深圳市深信資本管理有限公司”)

Shenzhen Tianjia Industrial Development Co., Ltd.* (“深圳市天佳實業發展有限公司”)

Southern Shuanglin Bio-pharmacy Co., Ltd.* (“南方雙林生物製藥股份有限公司”)

Shenzhen State Free Pengxing Tax Free Commodity Company Ltd.* (“深圳市國免鵬星免稅商品有限公司”)

Shenzhen Kaisa Sanshun Industrial Development Co., Ltd.* (“深圳市佳兆業三順實業發展有限公司”)

Shenzhen City Jingjia Urban Renewal Co., Ltd.* (“深圳市景佳城市更新有限公司”)

Shenzhen Kaisa Property Redevelopment Company Limited* (“深圳市佳兆業城市更新服務集團有限公司”)

Wuhan City Quan Hai Ji Xing Agricultural Products Logistics Co., Ltd.* (“武漢城市圈海吉星農產品物流有限公司”)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Joint ventures

Anhui Jiachuang Property Development Co., Ltd.* (“安徽佳創房地產開發有限公司”)
 Anshan Kaisa Business Management Co., Ltd.* (“鞍山佳兆業商業管理有限公司”)
 Beijing Dingtai Kaisa Property Development Co., Ltd.* (“北京鼎泰佳業房地產開發有限公司”)
 Beijing Chenzhou Jiayang Property Development Co., Ltd.* (“北京晨卓佳陽房地產開發有限公司”)
 Changsha Jiaxin Property Development Co., Ltd.* (“長沙市佳鑫房地產開發有限公司”)
 Chongqing Jiaye Xing Industrial Co., Ltd.* (“重慶興佳業實業有限公司”) and its subsidiary
 Chongqing Yusheng Industrial Co., Ltd.* (“重慶渝盛業實業有限公司”) and its subsidiary
 Chongqing Xinzhaixin Industrial Co., Ltd.* (“重慶新兆鑫實業有限公司”) and its subsidiary
 Chongqing Yuzhao Industrial Co., Ltd.* (“重慶渝兆興實業有限公司”)
 Dailian Kaisa Commercial Management Co., Ltd.* (“大連市佳兆業商業經營管理有限公司”)
 Changshan Kaisa Logistic Co., Ltd.* (“長沙市佳兆業物流有限公司”) and its subsidiaries
 Dongguan Kaisa Industrial Development Co., Ltd.* (“東莞佳兆業實業有限公司”)
 Dongguan Guifangyuan Property Co., Ltd.* (“東莞桂芳園房地產開發有限公司”)
 Dongguan Fenghong Property Development Co., Ltd.* (“東莞市豐弘房地產開發有限公司”)
 Dongguan Juanjing Property Development Co., Ltd.* (“東莞市隼璟房地產開發有限公司”)
 Foshanshi Jiahang Property Development Co., Ltd.* (“佛山市佳航房地產開發有限公司”)
 Foshanshi Fojia Property Development Co., Ltd.* (“佛山市佛佳房地產開發有限公司”)
 Guangzhou YeXing Investment Co., Ltd.* (“廣州市業興投資發展有限公司”)
 Guangzhou Nantian Company Limited* (“廣州南天商業大廣場建設發展有限公司”)
 Guangzhou Kaisa Commercial Management Co., Ltd.* (“廣州市佳兆業商業經營管理有限公司”)
 Guangdong Jiasheng Property Development Co., Ltd.* (“廣東佳盛房地產開發有限公司”) and its subsidiary
 Guangdong Jiahong Property Development Co., Ltd.* (“廣東佳紅房地產開發有限公司”)
 Hangzhou Gejun Zhiye Co., Ltd.* (“杭州格駿置業有限公司”)
 Huayaocheng (Luoyang) Development Co., Ltd.* (“華耀城(洛陽)發展有限公司”)
 Huizhou City Kaileju Company Limited* (“惠州市愷樂居置業有限公司”)
 Huizhou Kaisa Property Development Co., Ltd.* (“惠州市佳兆業房地產開發有限公司”) and its subsidiaries
 Hunan Mingtai Zhiye Development Company Ltd.* (“湖南明泰置業發展有限公司”) and its subsidiary
 Hangzhou Yijia Property Co., Ltd.* (“杭州億佳置業有限公司”) and its subsidiaries
 Henan Kaisa Real Estate Development Company Limited* (“河南省佳兆業房地產開發有限公司”)
 Jiayu Zhiye Company Limited* (“佳裕置業(東莞)有限公司”)
 Kaisa Technology Industrial (Shenzhen) Co., Ltd.* (“佳兆業科技產業(深圳)有限公司”) and its subsidiaries
 Kaisa Property (Wuhai) Co. Ltd.* (“佳兆業地產(武漢)有限公司”)
 Kaisa Property (Shanghai) Co. Ltd.* (“佳兆業地產(上海)有限公司”) and its subsidiaries
 Kaisa Wewa Technology (Shenzhen) Limited Liabilities Co., Ltd.* (“佳兆業創享域科技(深圳)有限責任公司”) and its subsidiaries
 Kaisa Guo Cheng Management Consulting (Shenzhen) Co., Ltd.* (“佳兆業國承置業(深圳)有限公司”)
 Liaoning Huili Property Development Co., Ltd.* (“遼寧匯利房地產開發有限公司”)
 Nanjing Jiaqi Real Estate Development Co., Ltd.* (“南京佳期房地產開發有限公司”)
 Nanjing Hongjia Property Development Co., Ltd.* (“南京弘佳房地產開發有限公司”)
 Nanjing Kaisa Jiayu Real Estate Development Company Limited* (“南京佳兆業佳御房地產開發有限公司”)
 Pengpai Zhiye (Shenzhen) Co., Ltd.* (“澎湃置業(深圳)有限公司”)
 Shantou Jiasheng Property Development Co., Ltd.* (“汕頭市佳晟房地產開發有限公司”)
 Shanghai Hengwan Property Development Co., Ltd.* (“上海恒灣兆業置業發展有限公司”)
 Shenzhen Baoan Kaisa Real Estate Development Co., Ltd.* (“深圳市寶安佳兆業房地產開發有限公司”)
 Shenzhen Gongming Kaisa Property Development Company Limited* (“深圳市公明佳兆業置業發展有限公司”)
 Shenzhen Jiaxian Property Development Co., Ltd.* (“深圳市佳賢置業發展有限公司”)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Joint ventures (Continued)

Shenzhen Jinghao Co., Ltd.* (“深圳市景昊實業發展有限公司”)
 Shenzhen Ligao Property Development Company Limited* (“深圳力高宏業地產開發有限公司”)
 Shenzhen Jiademeihuan Traveling Development Co., Limited* (“深圳市佳德美奧旅遊開發有限公司”)
 Shenzhen Jiafu East Tourism Development Co., Ltd.* (“深圳市佳富東部旅遊開發有限公司”)
 Shenzhen Zhaofude Tourism Development Co., Ltd.* (“深圳市兆富德旅遊開發有限公司”) together named as JVs for Dapeng Xiasha Development Project* (“大鵬下沙合營發展專案”)
 Shenzhen Jiameixuan Catering Co., Ltd.* (“深圳嘉美軒餐飲有限公司”)
 Shenzhen Qixiang Kaisa Industrial Development Co., Ltd.* (“深圳市祺祥佳兆業實業發展有限公司”)
 Shenzhen Kaisa Xinxiu City Geng Xin Co., Ltd.* (“深圳市佳兆業新秀城市更新有限公司”)
 Shenzhen Kaisa Zhiyuan Technology Co., Ltd.* (“深圳市佳兆業致遠科技有限公司”)
 Shenzhen Longhua Kaisa Property Development Company Limited* (“深圳市龍華佳兆業置業發展有限公司”)
 Shenzhen Mingyang Kaisa Development Co., Ltd.* (“深圳市銘揚佳兆業實業發展有限公司”)
 Shenzhen Tiandi Tongchang Investment Development Co., Ltd.* (“深圳市天地同昌投資發展有限公司”)
 Shenlian Industrial (Shenzhen) Co., Ltd.* (“深聯實業(深圳)有限公司”)
 Shenzhen Kaisa Zhiyuan Consulting Management Co., Ltd.* (“深圳市佳兆業致遠投資諮詢有限公司”)
 Shenzhen Nanshan Kaisa Zhiye Property Development Co., Ltd.* (“深圳市南山佳兆業置業發展有限公司”)
 Shenzhen Number 1 Logistic Co., Ltd.* (“深圳一號倉物流園有限公司”)
 Shenzhen Bright Zhiyuan Industrial Development Co., Ltd.* (“深圳市明光致遠實業發展有限公司”)
 Shenzhen Futian Kaisa Investment Consulting Co., Ltd.* (“深圳市福田佳兆業投資諮詢有限公司”)
 Shenzhen Dazu Yunhai Property Development Co., Ltd.* (“深圳市大族雲海房地產開發有限公司”)
 Shenzhen Yaoyeyuan Development Co., Ltd.* (“深圳市耀業園置業發展有限公司”)
 Taoyuan Construction (Shenzhen) Co., Ltd.* (“桃源建設(深圳)有限公司”) and its subsidiaries
 Wuhan Kaisa Logistic Co., Ltd.* (“武漢市佳兆業物流有限公司”) and its subsidiaries
 Wunan Xiangyong Property Development Co., Ltd.* (“湖南湘永房地產開發有限公司”)
 Wunan Daye Property Development Co., Ltd.* (“湖南達業房地產開發有限公司”)
 Xinxiang Kaisa Real Estate Development Co., Ltd.* (“新鄉市佳兆業房地產開發有限公司”)
 Xiyu (Shenzhen) development Co., Ltd.* (“熙喻實業發展(深圳)有限公司”)
 Zhongshan Jiajun Property Development Co., Ltd.* (“中山市佳駿房地產開發有限公司”) and its subsidiary
 Zhongshan Taiying Property Development Co., Ltd.* (“中山市泰盈房地產開發有限公司”)

* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

(b) Key management compensation

	2020 RMB'000	2019 RMB'000
Directors' fee	801	795
Salaries and other short-term employee benefits	146,822	135,740
Discretionary bonuses	3,066	2,563
Retirement scheme contributions	75	488
Share-based payments	29,210	92,440
	179,974	232,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions

	Notes	2020 RMB'000	2019 RMB'000
Advertising income from an associate		8,962	4,245
Advertising income from joint ventures		21,698	–
Other income from associates		43,009	80,365
Other income from joint ventures		402,937	1,113
Property management fee income from associates		33,531	36,306
Property management fee income from joint ventures		135,405	67,058
Financial advisory fees charged by an associate		14,003	38,345
Interest income from associates (note 9)		1,848	3,337
Interest expense charged by an associate	i	618	241,471
Rental expenses charged by a controlling shareholder	ii	1,140	1,140

Notes:

- (i) Interest expense was charged at interest rate of 12.0% (2019: 4.4% to 14.0%) per annum on loans from associates.
- (ii) This represents payment of rental expense for various office premises to a controlling shareholder, Mr. Kwok Ying Shing. The rental expense paid during the year was determined at prevailing market rate of respective office premise.

(d) Balances with related parties

	2020 RMB'000	2019 RMB'000
Loans from associates (note 31(e))	–	(5,000)
Loan from a related company (note 31(d))	108,781	(108,781)
Other revenue receivable from associates – included in trade receivables	112,417	59,766
Other revenue receivable from joint ventures – included in trade receivables	568,659	29,499
Amounts due from associates (note 24)	4,682,216	4,043,116
Amounts due from joint ventures (note 24)	18,488,370	7,292,123
Amounts due to associates (note 32)	(1,526,789)	(2,087,243)
Amounts due to joint ventures (note 32)	(10,202,048)	(11,011,816)
Interest payable to a related company – included in accrued interest in other payables	(235,535)	(235,535)

46. EVENTS AFTER REPORTING PERIOD

- (i) On 20 January 2021, the Company issued senior notes with a principal amount of US\$300,000,000 (approximately RMB1,957,470,000) due 2023. The senior notes are interest-bearing at 10.875% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 July 2023.
- (ii) On 28 January 2021, the Company issued senior notes with a principal amount of US\$200,000,000 (approximately RMB1,304,980,000) due 2025. The senior notes are interest-bearing at 9.95% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 July 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31 December 2020

	2020 RMB'000	2019 RMB'000
Non-current assets		
Investments in subsidiaries	73,295,904	58,788,957
Financial assets at fair value through profit or loss	34,608	97,690
	73,330,512	58,886,647
Current assets		
Financial assets at fair value through profit or loss	1,273,834	6,637
Deposits and other receivables	2,155,672	2,190,510
Cash and bank balances	287,106	2,201,098
	3,716,612	4,398,245
Current liabilities		
Borrowings	10,662,339	4,523,551
Other payables	1,582	623,280
Derivative financial instruments	27,450	82,807
	10,691,371	5,229,638
Net current liabilities	(6,974,759)	(831,393)
Total assets less current liabilities	66,355,753	58,055,254
Non-current liability		
Borrowings	59,955,448	53,998,950
Net assets	6,400,305	4,056,304
EQUITY		
Share capital (note 35)	538,942	534,844
Share premium (note 35)	4,948,564	5,546,561
Perpetual capital securities	1,350,054	—
Reserves (note (a))	(437,255)	(2,025,101)
Total equity	6,400,305	4,056,304

Approved and authorised for issue by the Board of Directors on 25 March 2021.

Kwok Ying Shing
Director

Mai Fan
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note:

(a) Reserve movement of the Company

	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019	414,142	(2,180,630)	(1,766,488)
Loss and total comprehensive expense for the year	–	(317,334)	(317,334)
Issue of shares upon exercise of share options	(9,351)	–	(9,351)
Share-based payment	140,804	–	140,804
Share options lapsed	(72,732)	–	(72,732)
Balance at 31 December 2019 and 1 January 2020	472,863	(2,497,964)	(2,025,101)
Profit and total comprehensive income for the year	–	1,708,044	1,708,044
Issue of shares upon exercise of share options	59,809	–	59,809
Share-based payment	(33,152)	–	(33,152)
Share options lapsed	(146,855)	–	(146,855)
Balance at 31 December 2020	352,665	(789,920)	(437,255)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Jinsheng Engineering Management Consulting (Shenzhen) Co., Ltd. 今盛工程管理諮詢(深圳)有限公司	the PRC, 27 July 2001	Limited liability company	HK\$714,000,000	100%	100%	Property development
Kaisa Urban Redevelopment Group (Shenzhen) Co., Ltd. 佳兆業城市更新集團(深圳)有限公司	the PRC, 26 March 2004	Limited liability company	RMB10,000,000	100%	100%	Property development
Kaisa Group (Shenzhen) Co., Ltd. 佳兆業集團(深圳)有限公司	the PRC, 3 June 1999	Limited liability company	RMB2,826,163,980	100%	100%	Property development
Shenzhen Naiao Kaisa Property Development Co., Ltd. 深圳市南澳佳兆業房地產開發有限公司	the PRC, 15 February 2004	Limited liability company	RMB640,000,000	100%	100%	Property development
Huizhou Canrong Property Ltd. 惠州燦榮房產有限公司	the PRC, 14 January 1994	Limited liability company	RMB35,926,506	100%	100%	Property development
Zhaoruijing Hotel Zhiye Management (Suizhong) Co., Ltd. 兆瑞景酒店置業管理(綏中)有限公司	the PRC, 20 December 2010	Limited liability company	HK\$68,300,000	100%	100%	Hotel management
Leisure Land Hotel Zhiye Management (Suizhong) Co., Ltd. 可域酒店置業管理(綏中)有限公司	the PRC, 20 December 2010	Limited liability company	RMB144,653,000	100%	100%	Hotel management
Zhuzhou Kaisa Zhiye Co., Ltd. 株洲佳兆業置業有限公司	the PRC, 13 January 2011	Limited liability company	RMB501,032,770	0% (note i)	100%	Property development
Kaisa Zhiye (Nanchong) Co., Ltd. 佳兆業置業(南充)有限公司	the PRC, 28 December 2010	Limited liability company	RMB850,000,000	100%	100%	Property development
Kasia Real Estate (Benxi) Co., Ltd. 佳兆業地產(本溪)有限公司	the PRC, 7 March 2011	Limited liability company	HK\$210,000,000	100%	100%	Property development
Zhuhai Kaisa Property Development Co., Ltd. 珠海市佳兆業房地產開發有限公司	the PRC, 9 June 2011	Limited liability company	RMB518,000,000	100%	100%	Property development
Kaisa Property (Wuhan) Co., Ltd. 佳兆業地產(武漢)有限公司	the PRC, 1 July 2011	Limited liability company	RMB547,528,247	50% (note ii)	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Kaisa Tourism Development Co., Ltd. 佳兆業旅遊開發有限公司	the PRC, 15 July 2011	Limited liability company	HK\$93,600,000	100%	100%	Property development
Kaisa Property (Suizhong) Co., Ltd. 佳兆業地產(綏中)有限公司	the PRC, 15 July 2011	Limited liability company	HK\$246,500,000	100%	100%	Property development
Shengxin Zhiye (Liaoyang) Co., Ltd.* (formerly as Kaisa Property (Liaoyang) Co., Ltd.) 盛欣置業(遼陽)有限公司, 前稱 佳兆業地產(遼陽)有限公司	the PRC, 24 August 2011	Limited liability company	RMB193,821,740	0% (note iii)	100%	Property development
Kaisa Xindu Zhiye (Qingdao) Co., Ltd. 佳兆業新都置業(青島)有限公司	the PRC, 18 February 2013	Limited liability company	US\$60,000,000	100%	100%	Property development
Zhuhai Zhanda Property Development Co., Ltd. 珠海市展大房地產開發有限公司	the PRC, 11 April 1992	Limited liability company	RMB98,040,000	100%	100%	Property development
Kaisa Property Management (Shenzhen) Co., Ltd. 佳兆業物業管理(深圳)有限公司	the PRC, 20 October 1999	Limited liability company	RMB310,000,000	100%	100%	Property development
Kaisa Commerce Group Co., Ltd. 佳兆業商業集團有限公司	the PRC, 19 July 2004	Limited liability company	RMB1,000,000,000	100%	100%	Commerce management
Shenzhen Jililong Shiye Co., Ltd. 深圳市吉利隆實業有限公司	the PRC, 21 March 1997	Limited liability company	RMB12,000,000	100%	100%	Property development
Guangzhou Jinmao Property Development Co., Ltd. 廣州金貿房地產開發有限公司	the PRC, 27 October 2005	Limited liability company	RMB202,500,000	100%	100%	Property development
Dongguan Kaisa Property Development Co., Ltd. 東莞市佳兆業房地產開發有限公司	the PRC, 6 September 2004	Limited liability company	RMB38,000,000	100%	100%	Property development
Dongguan Yingsheng Property Development Co., Ltd. 東莞市盈盛房地產開發有限公司	the PRC, 3 March 2006	Limited liability company	RMB20,000,000	100%	100%	Property development
Huizhou Jiabo Property Development Co., Ltd. 惠州市佳博房地產開發有限公司	the PRC, 14 September 2007	Limited liability company	RMB1,000,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Dongguan Yingyan Property Development Co., Ltd. 東莞市盈雁房地產開發有限公司	the PRC, 4 July 2008	Limited liability company	RMB10,000,000	80%	80%	Property development
Chengdu Kaisa Investment Co., Ltd. 成都佳兆業投資有限公司	the PRC, 22 June 2007	Limited liability company	RMB20,000,000	100%	100%	Property development
Dongguan Yingtai Property Development Co., Ltd. 東莞市盈泰房地產開發有限公司	the PRC, 4 January 2007	Limited liability company	RMB10,000,000	100%	100%	Property development
Jiangyin Taichang Property Development Co., Ltd. 江陰市泰昌房地產開發有限公司	the PRC, 22 November 2007	Limited liability company	RMB155,000,000	100%	100%	Property development
Nanchong Kaisa Property Co., Ltd. 南充市佳兆業房地產有限公司	the PRC, 10 December 2010	Limited liability company	RMB10,000,000	100%	100%	Property development
Zhaoruijing Property (Yingkou) Co., Ltd. 兆瑞景地產(營口)有限公司	the PRC, 14 December 2010	Limited liability company	US\$43,000,000	0% (note i)	100%	Property development
Shenzhen Henggang Kaisa Investment Consulting Co., Ltd. 深圳市橫崗佳兆業投資諮詢有限公司	the PRC, 3 June 2011	Limited liability company	RMB10,000,000	100%	100%	Property development
Anshan Junhuishangpin Property Development Co., Ltd. 鞍山君匯上品房地產開發有限公司	the PRC, 28 June 2011	Limited liability company	US\$24,210,830	100%	100%	Property development
Wan Rui Fa Property (Anshan) Co., Ltd. 萬瑞發地產(鞍山)有限公司	the PRC, 28 June 2011	Limited liability company	US\$19,115,864	100%	100%	Property development
Dongguan City Oasis Garden Property Development Co., Ltd. 東莞市城市綠洲花園房地產開發有限公司	the PRC, 21 October 2011	Limited liability company	RMB10,000,000	100%	100%	Property development
Shanghai Xiangyi Management Consulting Co., Ltd. 上海向益管理諮詢有限公司	the PRC, 3 November 2011	Limited liability company	RMB25,000,000	100%	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Chongqing Shenlian Investment Co., Ltd. 重慶深聯投資有限公司	the PRC, 22 August 2012	Limited liability company	RMB20,000,000	60%	60%	Property development
Dongguan Yulongshan Property Development Co., Ltd. 東莞市御龍山房地產開發有限公司	the PRC, 9 April 2013	Limited liability company	RMB20,000,000	100%	100%	Property development
Chongqing Tanxun Wulianwang Technology Co., Ltd. 重慶談訊物聯網科技有限公司	the PRC, 13 November 2013	Limited liability company	RMB10,000,000	100%	100%	Property development
Kaisa E-Commerce (Shenzhen) Co., Ltd. 佳兆業電子商務(深圳)有限公司	the PRC, 24 February 2014	Limited liability company	RMB20,000,000	100%	100%	Property development
Shenzhen No.1 Warehouse Fast Network Co., Ltd. 深圳市一號倉佳速網絡有限公司	the PRC, 9 December 2014	Limited liability company	RMB10,000,000	100%	100%	Computer technology
Wuhan Haiding Property Co., Ltd. 武漢市海鼎置業有限責任公司	the PRC, 22 November 2002	Limited liability company	RMB30,000,000	100%	100%	Property development
Shanghai Yuwan Mega Real Estate Development Co., Ltd. 上海裕灣兆業房地產開發有限公司	the PRC, 10 November 2016	Limited liability company	RMB30,000,000	41.21% (note ii)	75%	Property development
Chongqing Xintong Real Estate Development Co., Ltd. 重慶市新事通房地產開發有限公司	the PRC, 27 December 2016	Limited liability company	RMB20,000,000	100%	100%	Property development
Shenzhen Zhenhua Harbour Enterprise Limited 深圳圳華港灣企業有限公司	the PRC, 3 May 1984	Limited liability company	RMB21,000,000	51%	51%	Property development
Shenzhen Sanlian Kendu Pharmaceutical Co., Ltd. 深圳三聯肯渡製藥股份有限公司	the PRC, 25 September 1995	Limited liability company	RMB100,000,000	70%	70%	Property development
Shaoxing Hongjia Housing Co., Ltd. 紹興鴻佳置業有限公司	the PRC, 25 July 2016	Limited liability company	RMB30,000,000	100%	70%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Zhuhai Jia Jun Investment Company Limited 珠海市佳駿投資有限公司	the PRC, 18 May 2017	Limited liability company	RMB50,000,000	100%	100%	Property development
Xinzheng Henderson Real Estate Development Company Limited 新鄭市佳兆業房地產開發有限公司	the PRC, 14 July 2017	Limited liability company	RMB400,000,000	100%	100%	Property development
Suzhou Tongjia Real Estate Development Co., Ltd. 蘇州市同佳房地產開發有限公司	the PRC, 17 July 2017	Limited liability company	RMB60,000,000	0% (note iii)	100%	Property development
Zhongshan Real Estate Development Co., Ltd. 中山富澤房地產開發有限公司	the PRC, 17 March 2015	Limited liability company	RMB10,000,000	100%	100%	Property development
Hangzhou Jiaxin Zhiye Co., Ltd. 杭州佳欣置業有限公司	the PRC, 18 September 2016	Limited liability company	RMB4,093,200	100%	100%	Property development
Hangzhou Wance Zhiye Co., Ltd. 杭州萬冊置業有限公司	the PRC, 11 August 2016	Limited liability company	RMB98,000,000	51.0204% (note ii)	100%	Property development
Hunan Ding Cheng Da Real Estate Development Co., Ltd. 湖南鼎誠達房地產開發有限公司	the PRC, 26 September 2012	Limited liability company	RMB170,538,455	100%	100%	Property development
Jiashan Shangwan Real Estate Development Co., Ltd. 嘉善尚灣房地產開發有限公司	the PRC, 13 October 2017	Limited liability company	RMB16,000,000	51%	51%	Property development
Shenzhen Woodland Height Shiye Co., Ltd. 深圳市桂芳園實業有限公司	the PRC, 13 October 2003	Limited liability company	RMB500,000,000	100%	100%	Property development
Shenzhen Longgang Kaisa Property Development Co., Ltd. 深圳市龍崗佳兆業房地產開發有限公司	the PRC, 14 November 2006	Limited liability company	RMB204,680,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Chengdu Nanxing Property Development Co., Ltd. 成都南興銀基房地產開發有限公司	the PRC, 5 November 2004	Limited liability company	RMB420,000,000	100%	100%	Property development
Hunan Kaisa Property Development Co., Ltd. 湖南佳兆業房地產開發有限公司	the PRC, 21 August 2007	Limited liability company	RMB220,000,000	100%	100%	Property development
Shenzhen Dapeng Kaisa Property Development Co., Ltd. 深圳市大鵬佳兆業房地產開發有限公司	the PRC, 17 November 2000	Limited liability company	RMB100,000,000	100%	100%	Property development
Shenzhen Taijian Construction & Engineering Co., Ltd. 深圳市泰建建築工程有限公司	the PRC, 19 July 2007	Limited liability company	RMB1,000,000,000	100%	100%	Construction engineering
Shenzhen Xingwoer Property Development Co., Ltd. 深圳市興沃爾房地產開發有限公司	the PRC, 29 January 1999	Limited liability company	RMB10,000,000	100%	100%	Property development
Shanghai Xinwan Investment Development Co., Ltd. 上海新灣投資發展有限公司	the PRC, 17 January 2007	Limited liability company	RMB35,000,000	100%	100%	Investment holding
Boluo Kaisa Real Estate Development Co., Ltd. 博羅縣佳兆業房地產開發有限公司	the PRC, 2 June 2008	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Golden Bay Hotel Co., Ltd. 深圳市金沙灣大酒店有限公司	the PRC, 17 June 1997	Limited liability company	RMB50,000,000	100%	100%	Property development
Leisure Land Hotel Property Management Jiangyin Co., Ltd. 可域酒店置業管理江陰有限公司	the PRC, 15 October 2009	Limited liability company	RMB150,000,000	0% (note iii)	100%	Property development
Shenzhen Tianlian Industry Development Co., Ltd. 深圳市天利安實業發展有限公司	the PRC, 4 September 2002	Limited liability company	RMB46,000,000	100%	100%	Property development
Jiangsu Kaisa Investment Co., Ltd. 江蘇佳兆業投資有限公司	the PRC, 18 May 2010	Limited liability company	RMB15,000,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Baoji Crafts (Shenzhen) Co., Ltd. 寶吉工藝品(深圳)有限公司	the PRC, 28 December 1988	Limited liability company	RMB877,725,000	100%	100%	Property development
Jiangyin Washington Waterfront Property Development Co., Ltd. 江陰水岸華府房地產開發有限公司	the PRC, 10 December 2010	Limited liability company	RMB20,000,000	100%	100%	Property development
Zhejiang Wufeng Zhiye Co., Ltd. 浙江伍豐置業有限公司	the PRC, 7 January 2010	Limited liability company	RMB260,000,000	100%	100%	Property development
Jiangyin Juicui Garden Property Development Co., Ltd. 江陰金翠園房地產開發有限公司	the PRC, 22 February 2011	Limited liability company	RMB20,000,000	100%	100%	Property development
Dalian Kaisa Commerce Operation Management Co., Ltd. 大連市佳兆業商業經營管理有限公司	the PRC, 18 March 2011	Limited liability company	RMB120,000,000	55.0454% (note ii)	100%	Commerce management
Shenzhen Yantian Kaisa Property Development Co., Ltd. 深圳市鹽田佳兆業房地產開發有限公司	the PRC, 19 April 2011	Limited liability company	RMB800,000,000	100%	100%	Property development
Kaisa Dai River East Property Development Co., Ltd. 佳兆業東戴河房地產開發有限公司	the PRC, 6 July 2011	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Yuefeng Investment Co., Ltd. 深圳市悅峰投資有限公司	the PRC, 25 April 2012	Limited liability company	RMB100,000,000	100%	100%	Property development
Guangzhou Yaxiang Property Development Co., Ltd. 廣州市雅翔房地產開發有限公司	the PRC, 7 May 2012	Limited liability company	RMB918,370,000	60.48%	60.48% (note 41(c))	Property development
Taizhou Kaisa Jiangshan Property Development Co., Ltd. 泰州佳兆業江山房地產開發有限公司	the PRC, 30 December 2011	Limited liability company	RMB50,000,000	51%	51%	Property development
Wuhan Kaisa Investment Co., Ltd. 武漢市佳兆業投資有限公司	the PRC, 13 July 2012	Limited liability company	RMB250,000,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Shanghai Jinwan Zhaoye Property Development Co., Ltd. 上海金灣兆業房地產開發有限公司	the PRC, 2 August 2012	Limited liability company	RMB30,000,000	100%	100%	Property development
Jiangyin Binjiangyayuan Property Development Co., Ltd 江陰濱江雅園房地產開發有限公司	the PRC, 14 September 2012	Limited liability company	RMB20,000,000	100%	100%	Property development
Dalian Huapu Zhiye Co., Ltd. 大連華普置業有限公司	the PRC, 9 December 2009	Limited liability company	RMB100,000,000	100%	100%	Property development
Shanghai Jiawan Zhaoye Property Co., Ltd 上海嘉灣兆業房地產有限公司	the PRC, 24 December 2012	Limited liability company	RMB30,000,000	100%	100%	Property development
Kaisa Culture and Sports Investment Development (Shenzhen) Co., Ltd. 佳兆業文化體育(深圳)有限公司	the PRC, 25 January 2013	Limited liability company	RMB72,000,000	90%	90%	Commerce management
Kaisa Property (Hangzhou) Co., Ltd. 佳兆業房地產(杭州)有限公司	the PRC, 6 March 2013	Limited liability company	RMB40,820,000	100%	100%	Property development
Chengdu Tianjia Zhiye Co., Ltd. 成都天佳置業有限公司	the PRC, 19 April 2013	Limited liability company	RMB200,000,000	100%	100%	Property development
Shenzhen Jiawangji Property Development Co., Ltd. 深圳市佳旺基房地產開發有限公司	the PRC, 5 February 2010	Limited liability company	RMB50,000,000	70%	70%	Property development
Wuhan Junhui Property Development Co., Ltd. 武漢市君匯房地產開發有限公司	the PRC, 20 May 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shanghai Yingwan Zhaoye Property Development Co., Ltd. 上海贏灣兆業房地產有限公司	the PRC, 20 June 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shanghai Rongwan Zhaoye Property Development Co., Ltd. 上海榮灣兆業房地產開發有限公司	the PRC, 17 October 2013	Limited liability company	RMB30,000,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Wan Tai Chang Property Development (Suizhong) Co., Ltd. 萬泰昌房地產開發(綏中)有限公司	the PRC, 15 October 2013	Limited liability company	HK\$428,999,750	100%	100%	Property development
Hangxilongye Property (Hangzhou) Co., Ltd. 杭溪隆業房地產(杭州)有限公司	the PRC, 26 June 2013	Limited liability company	RMB98,000,000	100%	100%	Property development
Shanghai Chengwan Zhaoye Property Development Co., Ltd. 上海誠灣兆業房地產有限公司	the PRC, 2 August 2013	Limited liability company	RMB58,820,000	100%	100%	Property development
Hunan Daye Property Development Co., Ltd. 湖南達業房地產開發有限公司	the PRC, 9 August 2013	Limited liability company	RMB100,000,000	50% (note ii)	100%	Property development
Chongqing Kaisa Property Development Co., Ltd. 重慶佳兆業房地產開發有限公司	the PRC, 13 November 2013	Limited liability company	RMB946,675,000	100%	100%	Property development
Guanzhou Zhaochang Property Development Co., Ltd. 廣州市兆昌房地產開發有限公司	the PRC, 21 June 2013	Limited liability company	RMB30,000,000	94.9%	94.9% (note 41(c))	Property development
Sichuan Tianzi Zhiye Co., Ltd. 四川天姿置業有限公司	the PRC, 15 September 2006	Limited liability company	RMB20,000,000	100%	100%	Property development
Fenglong Group Co., Ltd. 豐隆集團有限公司	the PRC, 29 October 1993	Limited liability company	RMB168,000,000	100%	100%	Property development
Huizhou Weitong Property Co., Ltd. 惠州緯通房產有限公司	the PRC, 14 January 1994	Limited liability company	HK\$256,026,685	100%	100%	Property development
Kaisa Technology (Huizhou) Co., Ltd. 佳兆業科技(惠州)有限公司	the PRC, 24 March 2008	Limited liability company	US\$3,794,256	100%	100%	Property development
Kaisa Real Estate Jiangyin Co., Ltd. 佳兆業地產江陰有限公司	the PRC, 15 October 2009	Limited liability company	RMB450,000,000	47% (note i)	100%	Property development
Kaisa Real Estate (Liaoning) Co., Ltd. 佳兆業地產(遼寧)有限公司	the PRC, 28 January 2010	Limited liability company	RMB1,086,670,000	100%	100%	Property development

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Shenzhen Zhengchangtai Investment Consulting Co., Ltd 深圳市正昌泰投資諮詢有限公司	the PRC, 13 June 2007	Limited liability company	RMB10,000,000	100%	100%	Property development
Wan Rui Chang Property Development Co., Ltd 萬裕昌計算機技術開發(深圳)有限公司	the PRC, 26 October 2001	Limited liability company	HK\$2,000,000	100%	100%	Commerce management
Kaisa Holdings Limited 佳兆業集團有限公司	HK, 16 July 1999	Limited liability company	HK\$10,000	100%	100%	Investment holding
Beijing Jinmao Caixun Xinxin Co., Ltd 北京金貿財迅信息有限公司	the PRC, 5 December 2005	Limited liability company	RMB24,400,000	100%	100%	Commerce management
Dong Sheng Investment Company Limited 東升投資有限公司	BVI, 25 July 2007	Limited liability company	US\$1	100%	100%	Investment holding
Rui Jing Investment Company Limited 瑞景投資有限公司	BVI, 23 July 2007	Limited liability company	HK\$1	100%	100%	Investment holding
Kaisa (Huizhou) Road Construction Development Co., Ltd. 佳兆業(惠州)道路建設發展有限公司	the PRC, 2 February 2008	Limited liability company	US\$40,000,000	100%	100%	Commerce management
Tai An Da Investment Company Limited 泰安達投資有限公司	BVI, 2 March 2010	Limited liability company	US\$2	100%	100%	Investment holding
Wan Rui Fa Investment Company Limited 萬瑞發投資有限公司	HK, 2 March 2010	Limited liability company	HK\$10,000	100%	100%	Investment holding
Tai He Sheng Investment Company Limited 泰和盛投資有限公司	BVI, 2 March 2010	Limited liability company	US\$1	100%	100%	Investment holding
Tai Chong Li Investment Company Limited 泰昌利投資有限公司	BVI, 2 March 2010	Limited liability company	US\$1	100%	100%	Investment holding
Wan Jin Chang Investment Limited 萬晉昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Wan Rui Chang Investment Company Limited 萬瑞昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding
Wan Tai Chang Investment Company Limited 萬泰昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding
Shenzhen Kaisa Hotel Management Co., Ltd. 深圳市佳兆業酒店管理有限公司	the PRC, 15 September 2010	Limited liability company	RMB110,750,000	100%	100%	Hotel management
Hong Kong Kaisa Industry Co., Limited 香港佳兆業實業有限公司	HK, 24 November 2010	Limited liability company	US\$1,000	100%	100%	Investment holding
Changzhou Shengxin Property Development Co., Ltd.* (formerly as Changzhou Kaisa Property Development Co., Ltd.) 常州盛欣房地產開發有限公司(前稱常州佳兆業房地產開發有限公司)	the PRC, 8 December 2010	Limited liability company	RMB506,958,095	0% (note iii)	100%	Property development
Sunny Sino Investments Limited 熙華投資有限公司	HK, 21 September 2011	Limited liability company	US\$1	100%	100%	Investment holding
Xifeng Management Consulting (Shenzhen) Co., Ltd. 熙豐管理諮詢(深圳)有限公司	the PRC, 17 November 2011	Limited liability company	RMB1,000,000	100%	100%	Commerce management
Shenzhen Denghong Management Consulting Co., Ltd 深圳市德弘管理諮詢有限公司	the PRC, 8 November 2011	Limited liability company	RMB500,000,000	100%	100%	Commerce management
Action Enrich Limited 行裕有限公司	BVI, 2 May 2012	Limited liability company	US\$1,000	100%	100%	Investment holding
Chengdu Dingchengda Property Development Co., Ltd 成都市鼎誠達房地產開發有限公司	the PRC, 6 July 2012	Limited liability company	RMB10,000,000	100%	100%	Property development
Zuobo Management Consulting (Shenzhen) Co., Ltd 佳兆業左博置業(深圳)有限公司	the PRC, 21 August 2012	Limited liability company	RMB20,000,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Wan Rui Chang Property Development (Suizhong) Co., Ltd 萬瑞昌房地產開發(綏中)有限公司	the PRC, 1 August 2012	Limited liability company	HK\$244,000,000	100%	100%	Property development
Kaisa Property (Dandong) Co., Ltd 佳兆業地產(丹東)有限公司	the PRC, 30 October 2012	Limited liability company	US\$50,500,000	100%	100%	Property development
Shenzhen Cixiang Kaisa Property Development Co., Ltd. 深圳市西鄉佳兆業房地產開發有限公司	the PRC, 27 May 2013	Limited liability company	RMB50,000,000	0% (note iii)	100%	Property development
Splendid Maple Limited 燁楓有限公司	BVI, 21 May 2013	Limited liability company	US\$10,000	100%	100%	Investment holding
Suzhou Kaisa Property Development Co., Ltd. 蘇州市佳兆業房地產開發有限公司	the PRC, 20 February 2014	Limited liability company	RMB196,000,000	100%	100%	Property development
Chengdu Jincheng Jiaye Property Development Co., Ltd. 成都錦城佳業房地產開發有限公司	the PRC, 24 February 2014	Limited liability company	RMB10,000,000	100%	100%	Property development
Nanjing Aoxin Property Development Co., Ltd. 南京奧信房地產開發有限公司	the PRC, 11 November 2011	Limited liability company	RMB50,000,000	100%	100%	Property development
Shanghai Qingwan Zhaoye Property Development Co., Ltd. 上海青灣兆業房地產開發有限公司	the PRC, 21 August 2014	Limited liability company	RMB50,000,000	100%	100%	Property development
Chengdu Jinxinrui Property Development Co., Ltd. 成都市錦新瑞房地產開發有限公司	the PRC, 7 November 2012	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Guanyang Property Development Co., Ltd. 深圳冠洋房地產有限公司	the PRC, 5 June 2009	Limited liability company	RMB100,000,000	51%	51%	Property development
Shenzhen Jielingzixun Co., Ltd. 深圳市傑領資訊諮詢有限公司	the PRC, 3 November 2014	Limited liability company	RMB1,000,000	100%	100%	Commerce management
Hainan Kaisa Industrial Group Co., Ltd. 海南佳兆業實業集團有限公司	the PRC, 24 April 2010	Limited liability company	RMB1,000,000,000	100%	100%	Property development

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Guangzhou Kaisa Investment Co., Ltd. 廣州佳兆業投資諮詢有限公司	the PRC, 8 March 2010	Limited liability company	RMB10,000,000	55%	55%	Property development
Shenzhen Kaisa Real Estate Co., Ltd. 深圳市佳兆業置業有限公司	the PRC, 7 September 2012	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Guan Lan Kaisa Real Estate Development Co., Ltd. 深圳市觀瀾佳兆業置業發展有限公司	the PRC, 30 August 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Jirui Real Estate Development Co., Ltd. 深圳市吉瑞置業發展有限公司	the PRC, 4 September 2014	Limited liability company	RMB10,000,000	0% (note iii)	100%	Property development
Shenzhen Jili Real Estate Development Co., Ltd. 深圳市吉麗房地產開發有限公司	the PRC, 25 October 2019	Limited liability company	RMB632,800,000	100%	100%	Property development
Qinghai Pharmaceutical Co., Limited 青海製藥廠有限公司	the PRC, 31 May 2000	Limited liability company	RMB100,000,000	54.84%	54.84% (note 41(b))	Manufacturing and trading of pharmaceutical products
Guangzhou Jingsheng Real Estate Development Co., Ltd. 廣州市景晟房地產開發有限公司	the PRC, 8 August 2019	Limited liability company	RMB10,000,000	100%	100%	Property development
Dalian Shizhan Real Estate Development Co., Ltd. 大連世展房地產開發有限公司	the PRC, 26 January 2014	Limited liability company	RMB10,000,000	100%	100% (note iv)	Property development
Chongqing Kunzhourun Real Estate Development Co., Ltd. 重慶琨洲潤置業發展有限公司	the PRC, 31 July 2019	Limited liability company	RMB20,080,000	100%	100% (note iv)	Property development
Ningbo Kangzheng Real Estate Development Co., Ltd. 寧波康正置業有限公司	the PRC, 20 October 2017	Limited liability company	RMB100,000,000	30%	30%	Property development
Hengyang Hengji Real Estate Development Co., Ltd. 衡陽恒基置業有限公司	the PRC, 27 October 2010	Limited liability company	RMB81,600,000	51%	51%	Property development

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Zhongsan Jiaxu Property Development Limited 中山佳旭房地產開發有限公司	the PRC, 23 August 2019	Limited liability company	RMB5,000,000	51%	80%	Property development
Chengdu Huaguan Keheng Technology Co., Ltd. 成都華冠可恒科技有限公司	the PRC, 26 June 2017	Limited liability company	RMB40,816,327	51%	51%	Property development
Chengdu Jinxi Shengrong Real Estate Development Co., Ltd. 成都錦熙晟榮房地產開發有限公司	the PRC, 26 April 2017	Limited liability company	RMB10,000,000	51%	51%	Property development
Qingdao Jiake Real Estate Development Co., Ltd. 青島佳科房地產開發有限公司	the PRC, 25 December 2018	Limited liability company	RMB10,000,000	51%	51%	Property development
Foshan Foija Real Estate Development Co., Ltd. 佛山市佛佳房地產開發有限公司	the PRC, 24 May 2019	Limited liability company	RMB30,000,000	51% (note ii)	100%	Property development
Bazhou Yujingxuan Real Estate Development Co., Ltd. 霸州市裕景軒房地產開發有限公司	the PRC, 8 August 2017	Limited liability company	RMB5,000,000	51%	51%	Property development
Shenzhen Longfei Textile Limited Liabilities Co., Ltd. 深圳市龍飛紡織工業有限責任公司	the PRC, 20 October 1992	Limited liability company	RMB359,693,539	95%	95% (note iv)	Property development
Chengdu Jiariuhua Real Estate Development Co., Ltd. 成都佳瑞華房地產開發有限公司	the PRC, 19 October 2017	Limited liability company	RMB10,000,000	100%	100%	Property development
Xingbotong Electrical (Shenzhen) Co., Ltd. 興博通電子(深圳)有限公司	the PRC, 28 May 2001	Limited liability company	RMB390,000,000	100%	100%	Property development
Shenzhen Baolijianye Investment Co., Ltd. 深圳市保利建業投資有限公司	the PRC, 6 November 2012	Limited liability company	RMB80,000,000	53.40%	53.40%	Property development
Suzhou Jiayuanhuafu Real Estate Development Co., Ltd. 蘇州市佳源華府房地產開發有限公司	the PRC, 17 January 2018	Limited liability company	RMB50,209,400	100%	100%	Property development
Kaisa Health Group Holdings Limited 佳兆業健康集團控股有限公司 (note v)	Bermuda 23 January 1997	Limited liability company	HK\$6,063,249	42.89%	42.89%	Health care operations

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Huizhou Jiashang Investment Co., Ltd. 惠州市佳尚投資有限公司	the PRC, 1 August 2017	Limited liability company	RMB10,000,000	70%	70%	Property development
Shenzhen Dashengtong Real Estate Development Co., Ltd. 深圳市達盛通置業有限公司	the PRC, 28 April 2016	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Shipping Group Co., Ltd. 深圳市航運集團有限公司	the PRC, 24 March 1982	Limited liability company	RMB5,168,000	70%	70%	Water-way passenger and cargo transportation
Pinggu Nuoxin Real Estate Development (Dalian) Co., Ltd. 平谷諾信置業(大連)有限公司	the PRC, 8 November 2011	Limited liability company	RMB90,812,600	100%	100% (note iv)	Property development
Shenzhen Pengxing Shipping Co., Ltd. 深圳市鵬星船務有限公司	the PRC, 1 December 1982	Limited liability company	RMB5,168,000	70%	70%	Water-way passenger and cargo transportation
Shenzhen Football Club Co., Ltd. 深圳市足球俱樂部有限公司	the PRC, 28 October 1994	Limited liability company	RMB110,000,000	90%	90%	Cultural operation
Kaisa Prosperity Holdings Limited 佳兆業美好集團有限公司 (note v)	Cayman Islands, 13 October 2019	Limited liability company	RMB1,232,000	75%	75%	Investment holding
Zhongshan Runbang Real Estate Development Co., Ltd. 中山市潤邦房地產開發有限公司	the PRC, 24 May 2012	Limited liability company	RMB1,000,000	100%	100%	Property development
Chengdu Shengshi Phoenix Nest Property Co., Ltd. 成都盛世鳳巢置業有限公司	the PRC, 7 January 2014	Limited liability company	RMB30,000,000	100%	100%	Property development
Zhuhai Hao Hui Business Service Co., Ltd. 珠海浩輝商務服務有限公司	the PRC, 28 May 2015	Limited liability company	RMB10,000,000	100%	100%	Commerce management
Suizhong Jia Yue Real Estate Development Co., Ltd. 綏中佳悅房地產開發有限公司	the PRC, 21 August 2018	Limited liability company	RMB50,000,000	100%	100%	Property development

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48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Zhangjiang Kaisa Top Quality Real Estate Development Co., Ltd. 張家港市佳兆業上品房地產開發有限公司	the PRC, 2 July 2018	Limited liability company	RMB5,000	100%	100%	Property development
Xuzhou Jiale Real Estate Development Co., Ltd. 徐州佳樂房地產開發有限公司	the PRC, 27 June 2018	Limited liability company	RMB17,500,000	50%	50%	Property development
Shaoxing Ming Yue Real Estate Co., Ltd. 紹興明悅置業有限公司	the PRC, 25 July 2016	Limited liability company	RMB2,000	99%	51%	Property development
Shenzhen Jili Real Estate Development Co., Ltd. 深圳市吉麗房地產開發有限公司	the PRC, 25 October 2019	Limited liability company	RMB632,800,000	100%	100%	Property development
Victorious Resources Limited 源凱有限公司	BVI, 3 August 2018	Limited liability company	US\$50,000	100%	100%	Property development
South Prestige Limited 南譽有限公司	BVI, 29 May 2018	Limited liability company	US\$50,000	100%	100%	Property development
Global Favour Limited 環球豐有限公司	BVI, 28 August 2018	Limited liability company	US\$1	100%	100%	Property development
Lejie Electronic Products (Shenzhen) Co. Ltd. 樂捷電子產品(深圳)有限公司	the PRC, 11 March 1993	Limited liability company	HK\$1,000,000	51% (note 41(c))	39%	Property development
Zhongshan Hong Kong Real Estate Development Company Limited 中山富港房地產開發有限公司	the PRC, 16 March 2017	Limited liability company	RMB120,480,000	80%	80%	Property development
Great Harbour Global Limited 耀港環球有限公司	BVI, 7 January 2019	Limited liability company	US\$50,000	100%	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2020	2019	
Ocean Regal Limited 海琪有限公司	BVI, 15 May 2018	Limited liability company	US\$1	100%	100%	Property development
Guangzhou Jiajing Real Estate Development Co., Ltd. 廣州佳徑房地產開發有限公司	the PRC, 11 March 2020	Limited liability company	RMB200,000,000	100%	N/A	Property development
Good Promise Investments Limited 康諾投資有限公司	BVI, 13 November 2018	Limited liability company	US\$1	100%	100%	Property development
Weikang (Qingyuan) Zhiye Co., Ltd. 威康(清遠)置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$128,000,000	100% (note iv)	N/A	Property development
Jinlun (Qingyuan) Zhiye Co., Ltd. 金倫(清遠)置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$168,000,000	100% (note iv)	N/A	Property development
Qingyuan Delun Zhiye Co., Ltd. 清遠德倫置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$80,317,600	100% (note iv)	N/A	Property development

Notes:

- (i) During the year ended 31 December 2020, the Group entered into agreements with a number of investors to dispose certain equity interests in certain subsidiaries. Upon shares transferred, the Group lost its control in these subsidiaries. These companies ceased to be subsidiaries of the Group and the remaining equity interests held were accounted for as joint ventures of the Group, using equity method, see note 42(a).
- (ii) During the year ended 31 December 2020, the Group entered into agreements with a number of investors for the capital injection in certain subsidiaries. Upon capital injection, the Group's equity interest in these subsidiaries have been diluted from 100% and lost control in these subsidiaries. These companies ceased to be subsidiaries of the Group, and were accounted for as joint ventures of the Group, using equity method, see note 42(b).
- (iii) The Group sell its completed properties held for sales, properties under development or/and prepayments for proposed development projects to independent third parties through disposals of companies. The consideration was recorded as revenue during the years ended 31 December 2020 and 31 December 2019.
- (iv) The Group acquired assets through acquisitions of subsidiaries. See note 41(a).
- (v) Kaisa Prosperity Holdings Limited and Kaisa Health Group Holdings Limited are listed companies in Main Board of Hong Kong Stock Exchange.
- (vi) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiary of the Company that is individual material non-controlling interests of the Group as at 31 December 2020 and 2019:

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive (loss)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shenzhen Marine Group Company Limited ("Shenzhen Marine") and its subsidiaries ("Shenzhen Marine Group") (note i)	the PRC	30.0%	30.0%	(22,388)	16,238	10,304,649	10,314,280

Notes:

- i As at 31 December 2020, the Group held 70.0% (2019: 70.0%) equity interest in Shenzhen Marine, which indirectly held 51.0% (2019: 51.0%) equity interest in Shenzhen Zhenhua Harbour Enterprise Limited* ("深圳圳華港灣企業有限公司").
 - ii During the year ended 31 December 2020, the Group entered into cooperation agreements with independent third parties, it is agreed that the Group and the investors set up certain subsidiaries with total contribution amounts of approximately RMB11,205,900,000 and RMB10,750,600,000 (2019: RMB8,211,000,000 and RMB7,889,000,000) respectively to obtain the lands for further development. Upon capital injection, the Group and the investors had 51.0% and 49.0% (2019: 51.0% and 49.0%) equity interest in these subsidiaries.
 - iii Certain third parties injected capital which resulted in passive dilution of interests in certain subsidiaries without loss of control the Group recognised an increase in equity and a decrease in non-controlling interests of RMB286,583,000.
- * The English translation of the name of the Company established in the PRC is for reference only. The official name of the Company is in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information in respect of the Group's subsidiary with individual material non-controlling interest as set out below. The summarised financial information below represents amounts before intra-group eliminations.

	Shenzhen Marine Group	
	2020	2019
	RMB'000	RMB'000
Current assets	13,132,718	13,399,706
Non-current assets	1,152,543	3,208,906
Current liabilities	(2,992,257)	(4,583,505)
Non-current liabilities	(277,507)	(977,507)
Equity	11,015,497	11,047,600
Equity attributable to owners of the Company	710,848	733,320
Equity attributable to non-controlling interests	10,304,649	10,314,280

	Shenzhen Marine Group	
	2020	2019
	RMB'000	RMB'000
Revenue	442,559	898,178
(Loss)/Profit for the year	(95,079)	65,983
Other comprehensive income/(expense) for the year	62,976	(11,856)
Total comprehensive (expense)/income attributable to owners of the Company	(22,472)	37,889
Total comprehensive (expense)/income attributable to the non-controlling interests	(9,631)	16,238
Total comprehensive (expense)/income for the year	(32,103)	54,127
Net cash from operating activities	48,037	92,976
Net cash used in investing activities	(213,937)	(1,297,276)
Net cash from financing activities	13,615	1,404,013
Net cash (outflow)/inflow	(152,285)	199,713

Amount less than RMB1,000

49. COMPARATIVE FIGURES

The comparative figures in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 has been restated in order to conform to the current year's presentation.

FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets					
Property, plant and equipment	5,311,916	4,819,506	3,055,880	2,551,580	1,087,064
Right-of-use assets	536,993	1,358,516	–	–	–
Investment properties	34,524,400	35,309,000	35,930,000	32,025,830	30,690,680
Land use rights	720,913	753,493	669,078	395,815	163,178
Investments in associates	13,817,340	11,918,789	7,072,822	5,284,835	1,331,121
Investments in joint ventures	18,386,366	14,092,325	8,677,152	6,818,118	931,751
Available-for-sale financial assets	–	–	–	4,400,796	154,538
Financial assets at fair value through profit or loss	5,369,151	7,807,357	6,567,622	–	–
Debtors, deposits and other receivables	20,000	553,500	1,652,852	823,860	–
Goodwill and intangible assets	1,276,405	1,238,218	1,105,288	1,206,237	217,798
Long-term bank deposits	1,200,000	1,600,000	400,000	–	–
Convertible bonds receivable	–	–	–	41,328	–
Deferred tax assets	628,380	864,268	784,310	9,699	26,543
	81,791,864	80,314,972	65,915,004	53,558,098	34,602,673
Current assets					
Properties under development	71,367,943	63,674,746	64,764,338	68,066,413	60,559,839
Completed properties held for sale	13,036,568	13,003,874	13,130,534	18,170,966	16,246,233
Inventories	416,781	260,302	105,305	2,714	–
Available-for-sale financial assets	–	–	–	–	13,104
Deposits for land acquisition	18,204,746	19,891,354	19,445,196	21,422,522	17,693,750
Prepayments for proposed development projects	25,004,121	23,782,080	19,080,815	15,925,608	13,620,415
Debtors, deposits and other receivables	48,468,486	33,461,565	22,600,171	14,124,677	5,786,042
Prepaid taxes	356,481	1,092,397	1,134,324	850,499	727,280
Restricted cash	6,248,888	6,016,455	6,792,292	7,939,574	5,696,597
Financial assets at fair value through profit or loss	5,338,349	43,034	328,204	96,467	–
Short-term bank deposits	3,585,570	2,536,724	252,718	1,232,206	56,917
Cash and bank balances	36,078,762	26,824,859	15,479,139	11,998,423	10,819,117
	228,106,695	190,587,390	163,113,036	159,830,069	131,219,294

FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Advance proceeds received from customers and deposits received	–	–	–	29,564,933	27,973,395
Contract liabilities	49,706,027	39,388,659	39,154,089	–	–
Accrued construction costs	18,593,833	14,494,060	12,599,547	15,170,791	10,704,790
Income tax payable	12,020,469	10,739,849	7,773,315	5,649,679	4,440,460
Lease liabilities	103,208	159,694	–	–	–
Borrowings	23,069,223	31,891,998	16,965,694	22,173,037	7,762,301
Other payables	24,260,845	27,011,322	19,917,262	17,315,611	7,652,852
Derivative financial instruments	27,450	82,807	–	–	263,822
	127,781,055	123,768,389	96,409,907	89,874,051	58,797,620
Net current assets	100,325,640	66,819,001	66,703,129	69,956,018	72,421,674
Total assets less current liabilities	182,117,504	147,133,973	132,618,133	123,514,116	107,024,347
Non-current liabilities					
Lease liabilities	453,240	1,226,605	–	–	–
Borrowings	98,401,736	85,303,554	91,800,258	89,000,150	79,774,515
Other payables	19,768	10,248	–	104,171	–
Deferred tax liabilities	4,523,386	4,886,993	4,478,563	4,411,645	4,203,433
	103,398,130	91,427,400	96,278,821	93,515,966	83,977,948
Net assets	78,719,374	55,706,573	36,339,312	29,998,150	23,046,399
EQUITY					
Share capital	538,942	534,844	533,389	532,865	450,450
Share premium	4,948,564	5,546,561	6,168,607	6,913,069	4,253,704
Owners of perpetual capital securities	1,350,054	–	–	–	–
Reserves	25,496,179	19,634,942	14,938,114	11,641,988	8,241,973
Equity attributable to owners of the Company	32,333,739	25,716,347	21,640,110	19,087,922	12,946,127
Non-controlling interests	46,385,635	29,990,226	14,699,202	10,910,228	10,100,272
Total equity	78,719,374	55,706,573	36,339,312	29,998,150	23,046,399

FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	55,770,181	48,021,685	38,704,967	32,779,347	17,771,517
Cost of sales	(39,862,713)	(34,191,622)	(27,576,209)	(23,845,129)	(15,459,546)
Gross profit	15,907,468	13,830,063	11,128,758	8,934,218	2,311,971
Other gains and losses, net	334,729	(1,494,341)	(2,162,967)	1,176,812	(1,797,842)
Selling and marketing costs	(2,017,284)	(1,996,166)	(1,262,466)	(896,012)	(842,695)
Administrative expenses	(3,730,287)	(3,350,817)	(2,601,078)	(2,501,232)	(1,745,262)
Fair value gain of investment properties	189,433	178,419	212,374	2,088,849	4,161,371
Net gain on disposals of subsidiaries	774,075	245,581	–	–	–
Net gain on deemed disposals of subsidiaries	816,560	2,460,638	2,912,593	–	–
Loss on step acquisition of a subsidiary	–	–	–	(146,258)	–
Operating profit	12,274,694	9,873,377	8,227,214	8,656,377	2,087,543
Share of results of associates	(44,756)	92,619	239,913	31,685	(40,578)
Share of results of joint ventures	37,595	(197,697)	(48,726)	37	8,223
Fair value gain/(loss) of financial derivatives	52,838	(82,191)	–	(969,204)	(21,500)
Finance income	466,546	580,269	402,511	185,818	39,236
Finance costs	(2,284,561)	(798,774)	(1,049,027)	(1,238,286)	(922,272)
Finance costs – net	(1,818,015)	(218,505)	(645,516)	(1,052,468)	(883,036)
Gain on extinguishment of financial liabilities	–	–	–	–	716,143
Profit before income tax	10,502,356	9,467,603	7,771,885	6,666,427	1,866,795
Income tax expenses	(5,223,975)	(5,303,595)	(4,477,629)	(3,622,579)	(2,214,306)
Profit/(Loss) for the year	5,278,381	4,164,008	3,294,256	3,043,848	(347,511)

FINANCIAL SUMMARY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME** (Continued)

	For the year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
<i>Other comprehensive income/(expense), including reclassification adjustments</i>					
<i>Items that will be classified subsequently to profit or loss:</i>					
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	(210)
Share of other comprehensive income of associates	21,944	–	–	–	–
Exchange differences on translation of foreign operations	19,073	(25,165)	6,641	(6,387)	–
Other comprehensive income/(expense) for the year, including reclassification adjustments	41,017	(25,165)	6,641	(6,387)	(210)
Total comprehensive income/(expense) for the year	5,319,398	4,138,843	3,300,897	3,037,461	(347,721)
Profit/(Loss) for the year attributable to:					
Owners of the Company	5,447,125	4,594,265	2,750,206	3,284,889	(612,380)
Non-controlling interests	(168,744)	(430,257)	544,050	(241,041)	264,869
	5,278,381	4,164,008	3,294,256	3,043,848	(347,511)
Total comprehensive income/(expense) for the year attributable to:					
Owners of the Company	5,494,815	4,578,816	2,734,394	3,283,297	(612,590)
Non-controlling interests	(175,417)	(439,973)	566,503	(245,836)	264,869
	5,319,398	4,138,843	3,300,897	3,037,461	(347,721)

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