



JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2231



2020
ANNUAL REPORT

Company Profile

JY Grandmark Holdings Limited (stock code: 2231) was listed on the Stock Exchange on 5 December 2019 and the Group has been included as a constituent of the MSCI China Small Cap Index since May 2020.

JY Grandmark is a property developer, operator and property management service provider based in the PRC. It runs four principal businesses, namely (i) property development and sales, (ii) hotel operations, (iii) property management and (iv) commercial property investment, with business presence in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces. As at 31 December 2020, the total gross floor area of the Group's land reserves reached approximately 4 million sq.m..

The Group positions itself as an "Eco-friendly and People-oriented Property Developer" (生態人文地產發展商). It develops homes and communities that it considers to be truly liveable for buyers by leveraging the natural resources, unique landscapes and features as well as rich culture of its selected project sites.



Contents

2	Corporate Information
6	Milestones in 2020
8	Major Honours and Awards in 2020
12	Land Bank
18	Project Overview
26	Performance Highlights
28	Chairman's Statement
33	Management Discussion and Analysis
40	Biographies of the Directors and Senior Management
45	Directors' Report
72	Corporate Governance Report
87	Environmental, Social and Governance Report
149	Independent Auditor's Report
154	Consolidated Statement of Financial Position
156	Consolidated Statement of Comprehensive Income
157	Consolidated Statement of Changes in Equity
158	Consolidated Statement of Cash Flows
159	Notes to the Consolidated Financial Statements
250	Financial Summary
251	Glossary



Corporate Information

Board of Directors

Executive Directors

Mr. CHAN Sze Ming Michael
(Chairman)
Mr. LIU Huaxi (Vice-Chairman)
Ms. ZHENG Catherine Wei Hong
Mr. WU Xinping
Mr. XUE Shuangyou
Ms. WEI Miaochang

Independent non-executive Directors

Mr. MA Ching Nam
Mr. LEONG Chong
Mr. WU William Wai Leung

Audit Committee

Mr. WU William Wai Leung
(Chairman)
Mr. MA Ching Nam
Mr. LEONG Chong

Remuneration Committee

Mr. LEONG Chong (Chairman)
Mr. MA Ching Nam
Mr. WU William Wai Leung
Mr. LIU Huaxi

Nomination Committee

Mr. MA Ching Nam (Chairman)
Mr. LEONG Chong
Mr. WU William Wai Leung
Mr. LIU Huaxi

Legal Advisers

As to Hong Kong law:
lu, Lai & Li Solicitors & Notaries

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

Compliance Adviser

Advent Corporate Finance Limited

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

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

Registered Office

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Suites 3008-10, 30/F, Tower One
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

Principal Place of Business and Head Office in the PRC

JY Grandmark Building
198 Guanjing Road
Nancun Town
Panyu District, Guangzhou City
Guangdong Province, the PRC

Auditor

PricewaterhouseCoopers

Company Secretary

Ms. WAI Ching Sum

Authorised Representatives

Mr. CHAN Sze Ming Michael
Ms. WAI Ching Sum

Principal Banks

Hang Seng Bank Limited
Chong Hing Bank
The Bank of East Asia, Limited
Industrial and Commercial Bank of
China, Guangdong Branch

Company's Website

www.jygrandmark.com

Stock Code

2231



Listing Information

A. Equity Securities

- The Company's ordinary shares (stock code: 2231) are listed on the Main Board of the Stock Exchange.

B. Debt Securities

The Company's debt securities listed on the Main Board of the Stock Exchange:

- 7.5% senior notes in an aggregate principal amount of US\$150 million due 2021 (stock code: 40185)
- 7.5% senior notes in an aggregate principal amount of US\$155 million due 2022 (stock code: 40593)

Financial Calendar

Interim results announcement	20 August 2020
Payment of interim dividend	18 September 2020
Annual results announcement	25 March 2021
AGM	27 May 2021
Proposed payment of final dividend	on or about 16 June 2021

Closure of Register of Members and Other Key Dates

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

To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Friday, 21 May 2021
Period of closure of register of members	: Monday, 24 May 2021 to Thursday, 27 May 2021 (both dates inclusive)

To determine the Shareholders' entitlement to the proposed final dividend

Ex-entitlement date for the proposed final dividend	: Wednesday, 2 June 2021
Latest time for lodging transfer documents of shares	: 4:30 p.m. on Thursday, 3 June 2021
Period of closure of register of members	: Friday, 4 June 2021 to Tuesday, 8 June 2021 (both dates inclusive)
Record date	: Tuesday, 8 June 2021

To qualify for attending and voting at the AGM and/or entitlement to the proposed final dividend, all properly completed transfer forms accompanied by the share certificate must be lodged with the Company's branch share registrar and transfer office in Hong Kong. Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

The proposed final dividend will be paid on or about Wednesday, 16 June 2021 to Shareholders whose names appear on the register of members of the Company on Tuesday, 8 June 2021 upon approval by the Shareholders in the AGM.

Annual General Meeting

The AGM will be held on Thursday, 27 May 2021. Notice of the AGM will be set out in the Company's circular dated Thursday, 15 April 2021 and will be despatched together with this annual report to the Shareholders. Notice of the AGM and the proxy form will also be published on the Company's website (www.jygrandmark.com) and the Stock Exchange's website (www.hkexnews.hk).

Dividends

Interim dividend	RMB3.59 cents per Share
Proposed final dividend	RMB6.73 cents per Share

Despatch of Corporate Communications

This annual report is available in both Chinese and English version. Printed copies in both languages will be delivered to Shareholders. This annual report is also published on the Company's website (www.jygrandmark.com) and the Stock Exchange's website (www.hkexnews.hk).

Milestones in 2020

3

March 2020

- We successfully issued US\$150 million 7.5% senior notes due March 2021

3

March 2020

- We won the bid for nine pieces of land in Tengchong with our land bank increasing by approximately one million sq.m.

5

May 2020

- We have been included as a constituent for the MSCI China Small Cap Index

7

July 2020

- We successfully won the bid for the land located at Kengbei Villiage, Zhongxin Town, Zengcheng District, Guangzhou City jointly with Jinke Property

July 2020

- We were listed on “The Top 20 Creditworthy Property Developers of Guangdong (廣東地產資信20強)” selected by the Guangdong branches of the Industrial and Commercial Bank (ICBC), the Agricultural Bank of China (ABC), the Bank of China (BOC), and the China Construction Bank (CCB)

September 2020

- Jinke JY Grand Garden, the project located on the land at Kengbei Villiage, Zengcheng District commenced construction





11

November 2020

- JY Egret Bay, our first project in Lingao, Hainan Province, was launched for sale



11

November 2020

- We entered into a strategic cooperation agreement with Everbright Senior Healthcare to introduce community senior caring business

12

December 2020

- We won the bid for the land in Liuhe District, Nanjing City, establishing our presence in Nanjing successfully and commencing our planning in East China





December 2020

- We successfully won the bid for the residential land in Shitan Town, Zengcheng District, Guangzhou City





December 2020

- We were granted long-term syndicated loan facilities with the first batch of loans granted of HK\$734 million

Major Honours and Awards in 2020

Honour/Award	Awarding body
<p>2019 CSR Ranking for Public Enterprises in Guangdong-Hong Kong-Macao Greater Bay Area (2019粵港澳大灣區上市公司社會責任榜) – Annual Newly Listed Companies (年度新銳上市企業)</p>	<p><i>Xinhua Net, China Securities Journal, Shanghai Securities News, Xinhua News Agency's National Brands Project Office* (新華社民族品牌工程辦公室) and Corporate Social Responsibility Research Center of Chinese Academy of Social Sciences* (聯合中國社科院企業社會責任研究中心)</i></p>
<p>Top 100 Chinese Real Estate Companies – 2020 TOP 10 Performance of Newly Listed Companies in Real Estate Industry in China (2020中國房地產行業新晉上市表現TOP 10)</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p><i>Guandian Index Academy* (觀點指數研究院)</i></p> </div> </div>
<p>2020 Real Estate Industry Anti-epidemic Donation Award (2020地產行業抗疫捐贈貢獻榜)</p>	<p><i>Guandian Real Estate New Media* (觀點地產新媒體)</i></p>
<p>Top 20 of the 19th Creditworthy Property Developers of Guangdong (第十九屆廣東地產資信20強)</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p><i>Guangdong Province branches and Guangzhou branches of Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and Construction Bank of China and China Creditworthy Property Enterprises Association* (中國地產資信強企交流會)</i></p> </div> </div>
<p>2020 A+ Awards – Shortlisted Commercial-Showrooms Category – Popular Winner (JY Gaoligong Town)</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p><i>Architizer.com, a website for global architects with over 400 million users</i></p> </div> </div>
<p>The 6th China Real Estate & Design Award – Gold Award for Residential Project (JY Gaoligong Town)</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <p><i>DJSER.com</i></p> </div> </div>

Major Honours and Awards in 2020 (Continued)

Honour/Award	Awarding body
<p>The 10th IDEA-KING INTERNATIONAL LANDSCAPE PLANNING AND DESIGN COMPETITION</p> <p>– The Best Landscape Design (JY Uniworld)</p>	<p><i>Architecture and Culture Society of China</i></p> 
<p>The 15th “Golden Elephant Award” of China’s Brand Building Case</p> <p>– Award for Outstanding Cultural Marketing of the Year</p>	<p><i>21st Century Media (21st Century Business Herald)</i></p> 
<p>2019 Yingde Poverty Alleviation</p> <p>– Bronze Cup of Red Cotton Cup (JY Grand Garden)</p>	<p><i>The Leading Group of Poverty Alleviation and Development of Yingde City* (英德市扶貧開發領導小組)</i></p> 
<p>Model of Poverty Alleviation Day in Yingde City, Guangdong of 2020 (2020年英德市廣東扶貧濟困日活動模範)</p> <p>– Decisive Battle Against Poverty and Boosting Rural Revitalization (決戰脫貧攻堅·助力鄉村振興)</p> <p>(JY Grand Garden)</p>	<p><i>CPC Yingde Municipal Committee* (中共英德市委), Yingde Government</i></p> 

Major Honours and Awards in 2020 (Continued)

Honour/Award		Awarding body
<p>2020 Gold Prize for Qingyuan's Top Apartment Type (清遠市2020年度金牌戶型) (JY Grand Garden)</p>		<p>Tencent Ads, gd.qq.com, Qingyuan Property Market Release (清遠樓市發佈), Yingde Property Market (英德樓市)</p>
<p>Award of Excellence 2019/2020</p>		<p>The Community Chest of Hong Kong</p>
<p>2020 CBDA+Award (2020創新中國空間設計藝術大賽) – Gold Prize of Best Design Works in China (中國最佳設計作品金獎) (JY Maofeng Town)</p>		<p>China Building Decoration Association</p>
<p>Interior Art Design Invitational Contest “Gacdi Award” (“夏迪獎”空間藝術設計邀請賽) – Bronze Prize (JY Mountain Lake Gulf)</p>		<p>Guangdong Association of Art and Decoration</p>

Major Honours and Awards in 2020 (Continued)

Honour/Award	Awarding body
<p>Interior Art Design Invitational Contest “Gacdi Award” (“夏迪獎”空間藝術設計邀請賽) – Excellence Award (JY Gaoligong Town)</p>	 <p><i>Guangdong Association of Art and Decoration</i></p>
<p>The 5th Chinese Soft Decor Award Long Cheng Award (第五屆中國軟裝設計大獎龍承獎) – Bronze Award (JY Gaoligong Town)</p>	 <p><i>Organizing committee for Long Cheng Award* (龍承獎組委會), China Soft Decoration Custom Union</i></p>

Land Bank

Project Overview

(As of 31 December 2020)

11 cities
Approximately
4 million sq.m.

- Projects that are completed or comprise completed project phase
- Projects under development
- ▲ Projects held for future development



□ Yunnan Province ■ Hunan Province ■ Guangdong Province ■ Hainan Province ■ Jiangsu Province

I. Land bank calculated by cities

As of 31 December 2020, the Group had a total of 36 property projects in 11 cities. 33 of these properties were developed and owned by the Group, and 3 were developed by the Group's joint ventures and associate. As of 31 December 2020, the Group had a land bank of approximately 4 million sq.m. on an attributable basis.

The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development.

The following table sets forth the land bank details of the Group by region as of 31 December 2020.

Location	No. of project	No. of project	No. of project	No. of project	Completed	Under development	Future development	Total land bank (sq.m.)
					Completed	Under development	Future development	
					Aggregate GFA	Aggregate GFA	Aggregate GFA	
					Saleable/ leaseable GFA unsold/ not leased (sq.m.)	(including non-saleable/ non-leaseable GFA) (sq.m.)	Estimated aggregate GFA for future development (sq.m.)	
Guangdong		7	4	4				
Conghua	3				46,273	–	–	46,273
Nansha	1				22,781	–	–	22,781
Zhongshan	1				28,226	–	–	28,226
Qingyuan	6				78,198	329,433	911,202	1,318,833
Zhaoqing	2				2,700	267,842	–	270,542
Zengcheng	2				–	3,111	98,540	101,651
Hainan		6	–	2				
Lingshui	5				928	–	–	928
Lingao	3				22,789	–	134,406	157,195
Yunnan		2	1	5				
Tengchong	8				68,231	80,219	1,085,716	1,234,166
Jiangsu				1				
Liuhe	1				–	–	56,087	56,087
Hunan		1	1	2				
Zhuzhou	4				97,446	54,312	566,337	718,095
Total	36	16	6	14	367,572	734,917	2,852,288	3,954,777

Land Bank (Continued)

Land bank as of 31 December 2020

II. Land bank calculated by project types

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Date / Estimated Construction Completion Time
							GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)		
1	JY Lychee Town Phase I	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	5,704	-	-	5,704	2015.12
2	JY Lychee Town Phase II	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	32,590	-	-	32,590	2018.10
3	JY Hot Spring Villas	100%	Guangdong	No. 288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Hotel rooms	131,091	7,979	-	-	7,979	2016.10
4	JY Clearwater Bay No. 3 Phase I	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	83,375	333	-	-	333	2015.12
5	JY Clearwater Bay No. 3 Phase II	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	67,770	232	-	-	232	2016.12
6	JY Clearwater Bay No. 3 Phase III	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	121,631	-	-	-	-	2018.07
7	JY Clearwater Bay No. 3 Phase VI	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	58,823	363	-	-	363	2019.06
8	JY Clearwater Bay No. 3 Phase VII	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	48,471	-	-	-	-	2019.06
9	JY Donghuzhou Haoyuan	30%	Guangdong	South of Huanshi Avenue, Nanheng County, Nansha Street, Nansha District, Guangzhou City, Guangdong Province, the PRC	Residential	17,791	22,781	-	-	22,781	2019.05
10	JY Yarra New Street (previously known as Zhongshan Yueheng Project)	50%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop	-	28,226	-	-	28,226	-

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Date / Estimated Completion Time
							GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)		
11	JY Grand Garden Phase I	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Guangdong Province, the PRC	Residential	67,812	78,198	97,905	-	176,103	2020.12
12	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	44,594	-	-	44,594	2019.12
13	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	23,637	-	113,842	137,479	2020.12
14	JY Mountain Lake Gulf Phase I (100# Lot)	100%	Hunan	79 Jincheng Road East, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	97,446	-	-	97,446	2020.12
15	JY Egret Bay (previously known as JY Well-being Valley Phase I (06# Lot))	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	23,023	22,789	-	2,907	25,696	2020.12
16	JY Well-being Valley Phase II (07# Lot)	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	47,774	-	-	80,984	80,984	2022.06
17	JY Well-being Valley Phase III (04# Lot)	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	41,210	-	-	50,515	50,515	2023.06
18	JY Grand Garden Phase II	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Guangdong Province, the PRC	Residential	67,812	-	176,076	-	176,076	2021.06
19	JY Grand Garden Phase III	100%	Guangdong	Lot B, North of Guangbi Road, East of Yingzhou Avenue, Yingde City, Guangdong Province, the PRC	Residential	26,340	-	-	164,890	164,890	2022.09
20	JY Canglong Bay Project	80%	Guangdong	Lot B, North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Guangdong Province, the PRC	Residential	60,230	-	55,452	162,898	218,350	2022.12

Land Bank (Continued)

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Date / Estimated Construction Completion Time
							GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)		
21	JY Yonghua Shijia Project	100%	Guangdong	North of Lingnan Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Guangdong Province, the PRC	Residential	60,877	-	-	182,630	182,630	2023.12
22	JY Yingde Jinxiong Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Guangdong Province, the PRC	Urban redevelopment Commercial and residential property to be redeveloped	160,314	-	-	400,784	400,784	2023.05
23	JY Gaoligong Town Phase III	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	-	-	68,893	68,893	2024.06
24	JY Mountain Lake Gulf Phase II (100# Lot)	100%	Hunan	79 Jincheng Road East, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	-	-	236,787	236,787	2024.12
25	JY Mountain Lake Gulf Project Phase III (111# Lot)	100%	Hunan	North of Intersection of Jincheng East Road and Jinda Road, Zhuzhou City, Hunan Province, the PRC	Residential	85,260	-	-	274,640	274,640	2023.06
26	Jing Ye Square (previously known as JY Mountain Lake Gulf Project Phase IV (99# Lot))	100%	Hunan	299 Hetang Avenue, Hetang District, Zhuzhou City, Hunan Province, the PRC	Commercial	22,754	-	54,312	54,910	109,222	2022.12
27	Zhaoqing International Technology and Innovation Centre (Zone A)	90%	Guangdong	North of Zongbu 3rd Road, South of Zongbu 2nd Road, North of Yongli Avenue, West of Yingbin Road, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Business and commercial	26,446	-	143,173	-	143,173	2021.12
28	Zhaoqing International Technology and Innovation Centre (Zone B)	90%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Residential and Commercial	40,335	2,700	124,669	-	127,369	2020.10
29	JY Jiangshan Shili Zone A	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	96,922	-	80,219	187,624	267,843	2022.06
30	JY Jiangshan Shili Zone B	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	48,559	-	-	145,677	145,677	2023.12

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Date / Estimated Construction Completion Time	
							GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)			
31	JY Jiangshan Shili Zone C	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	30,724	-	-	92,172	92,172	2024.12	
32	JY Jiangshan Shili Zone D	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	67,072	-	-	201,216	201,216	2025.06	
33	Jinke JY Grand Garden	15%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	32,110	-	3,111	17,723	20,834	2022.12	
34	Zengcheng Shitan Project	100%	Guangdong	West of Xincheng Avenue, Shitan Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	26,938	-	-	80,817	80,817	2022.12	
35	Nanjing Liuhe Project	51%	Jiangsu	Lot at South of Qinyuan Road, East of Yanan Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	49,989	-	-	56,087	56,087	2022.12	
36	JY Yunshan Xigu	100%	Yunnan	JY Yunshan Xigu, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	132,971	-	-	276,292	276,292	2024.12	
							2,100,219	367,572	734,917	2,852,288	3,954,777	

Notes:

- (1) Relevant land use certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.
- (2) The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development. For projects held by our non-wholly-owned subsidiaries, joint ventures and associated company, the GFA is adjusted by our equity interest in the respective project.

Project Overview



Project Overview (Continued)

JY Grandmark adheres to a prudent and active land acquisition strategy, evaluates and acquires high-quality lands featured with superior ecological environment and humanistic resources, that create favorable conditions for property development and subsequent sales. While continuing to expand our foothold and scale, we strive to maintain the advantages of high profitability.



Guangdong



Hainan



Yunnan



Hunan



Jiangsu

JY Lychee Town

— Conghua, Guangdong



JY Hot Spring Villas

— Conghua, Guangdong



JY Clearwater Bay No.3

— Lingshui, Hainan



JY Donghuzhou Haoyuan

— Nansha, Guangdong





JY Grand Garden

— Qingyuan, Guangdong



JY Gaoligong Town

— Tengchong, Yunnan





JY Mountain Lake Gulf

— Zhuzhou, Hunan



JY Uniworld

— Zhaoqing, Guangdong





JY Egret Bay

— Lingao, Hainan



JY Yarra New Street

— Zhongshan, Guangdong





JY Maofeng Town

— Baiyun, Guangdong



Performance Highlights

	Year Ended 31 December		Year-over-Year Change
	2020	2019	
Contracted sales⁽¹⁾			
Contracted sales (RMB million)	3,524	3,116	+13.1%
Contracted GFA sold (sq.m.)	350,936	252,558	+39.0%
Contracted ASP (RMB/sq.m.)	10,040	12,335	-18.6%
Selected financial information			
Revenue (RMB thousand)	2,347,064	2,402,810	-2.3%
Cost of sales (RMB thousand)	(1,434,328)	(1,258,578)	+14.0%
Gross profit (RMB thousand)	912,736	1,144,232	-20.2%
Profit before income tax (RMB thousand)	784,510	911,507	-13.9%
Profit for the year (RMB thousand)	478,397	494,917	-3.3%
Attributable to:			
Owners of the Company (RMB thousand)	485,203	501,517	-3.3%
Non-controlling interests (RMB thousand)	(6,806)	(6,600)	+3.1%
Core net profit ⁽²⁾ (RMB thousand)	427,252	446,857	-4.4%
Gross profit margin	38.9%	47.6%	-8.7 percentage points
Core net profit margin	18.2%	18.6%	-0.4 percentage points
Basic earnings per share (RMB)	0.29	0.41	-29.3%

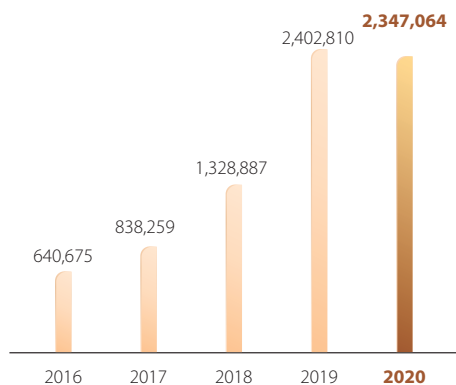
	As at 31 December		Year-over-Year Change
	2020	2019	
Total assets (RMB thousand)	10,886,437	9,213,089	+18.2%
Total liabilities (RMB thousand)	6,433,386	6,393,680	+0.6%
Total equity (RMB thousand)	4,453,051	2,819,409	+57.9%
Equity attributable to owners of the Company (RMB thousand)	3,035,243	2,718,954	+11.6%
Current ratio ⁽³⁾	2.1	1.7	+0.4 times
Net gearing ratio ⁽⁴⁾	16.9%	47.1%	-30.2 percentage points
Cash to current borrowings ratio ⁽⁵⁾	1.53	1.03	+0.5 times
Liabilities to assets ratio (excluding contract liabilities) ⁽⁶⁾	54.8%	65.2%	-10.4 percentage points

Notes:

- (1) Includes contracted sales by the Group's subsidiaries, joint ventures and associated company. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.
- (2) Core net profit represents profit for the year excluding the post-tax gains arising from changes in fair value of investment properties and disposals of subsidiaries.
- (3) Current ratio equals to current assets divided by current liabilities as of the end of the respective year.
- (4) Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.
- (5) Cash to current borrowings ratio represents the ratio of cash on hand divided by current borrowings as of the end of the respective year.
- (6) Liabilities to assets ratio (excluding contract liabilities) equals to total liabilities minus contract liabilities divided by total assets minus contract liabilities as of the end of the respective year.

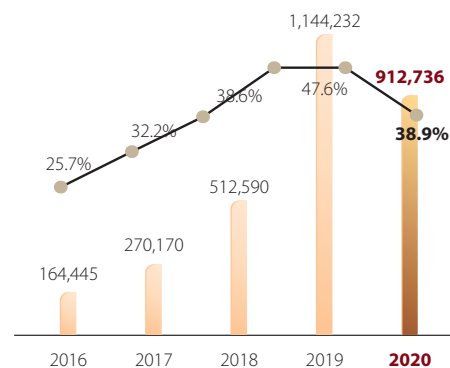
Revenue

(RMB'000)



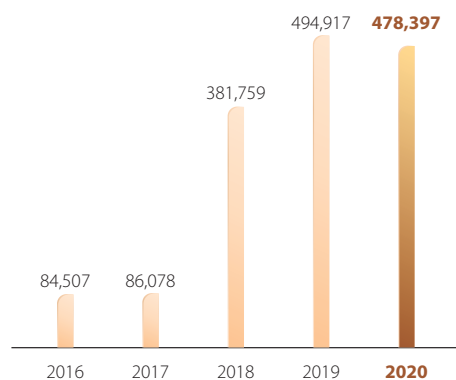
Gross profit and gross profit margin

(RMB'000)



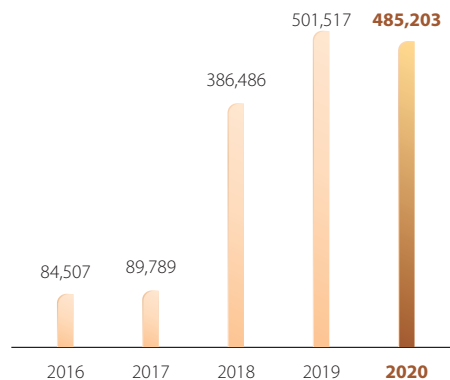
Profit for the year

(RMB'000)



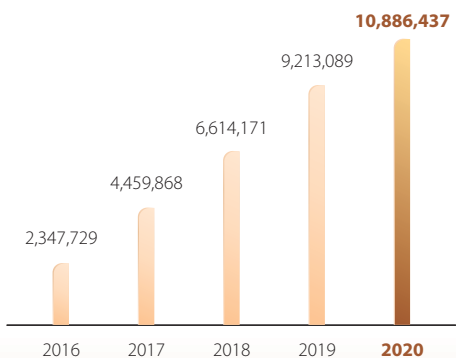
Profit attributable to owners of the Company

(RMB'000)



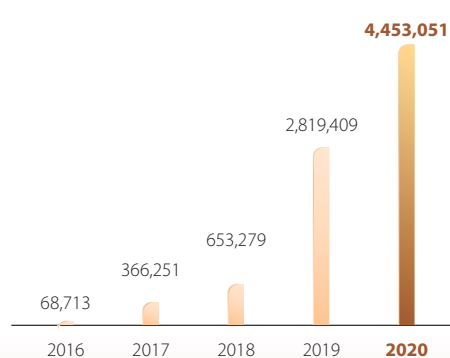
Total assets

(RMB'000)



Total equity

(RMB'000)



Chairman's Statement



In 2020, the Company responded promptly to the epidemic, strictly followed the government's instructions to implement epidemic prevention and control, and realised safe resumption of work. It also leveraged its core advantages to expand the financing and investment scale during the operation, explore multi-resource channels and acquire high-quality lands to expand the land bank. With regard to the projects, the Company strived for every node and the quality, and improved every link in the sales process to promote the conversion. The Group sprinted to the business performance objectives with collective wisdom and concerted efforts, united to recover from the impact of COVID-19, and achieved a robust growth.

Mr. CHAN Sze Ming Michael
Chairman



I am pleased to present the annual results of JY Grandmark for the year ended 31 December 2020 to the Shareholders.

RESULTS

During the reporting period, the aggregated contracted sales of the Group was approximately RMB3,523.6 million, representing a year-on-year growth of 13.1%. The total contracted sales GFA was approximately 351,000 sq.m., representing a year-on-year increase of 38.7%.

During the reporting period, the Group's recognised revenue was RMB2,347.1 million (2019: RMB2,402.8 million), representing a year-on-year decrease of 2.3%. The annual profit was RMB478.4 million (2019: RMB494.9 million), representing a year-on-year decrease of 3.3%. Core net profit was RMB427.3 million (2019: RMB446.9 million), representing a year-on-year decrease of 4.4%. Profit attributable to owners of the Company was RMB485.2 million (2019: RMB501.5 million), representing a year-on-year decline of 3.3%.

The Board recommended a final dividend of RMB6.73 cents per ordinary share, together with the 2020 interim dividend of RMB3.59 cents per ordinary share, total cash dividends for the year of 2020 will be RMB10.32 cents per ordinary share (2019: RMB9.14 cents per ordinary share). The dividend payout ratio is approximately 35% of the profit attributable to owners of the Company.

BUSINESS REVIEW FOR 2020

In 2020, the world's economy was expected to have slowed down due to the impact of Coronavirus Disease 2019 ("COVID-19"). Amid the pandemic, China's economy witnessed a turnaround, and China should record a growth over the year, bringing a positive signal and confidence to the recovery of all sectors and the improvement of business environment.

From the overall perspective, the property market booked a slower growth in the annual sales in 2020. However, the market began to recover in the third quarter when the epidemic prevention and control showed stable development, and transactions rebounded to a minor peak. In terms of industries, leading real estate enterprises also maintained a high average annual growth rate, indicating that the property market still has a great conversion potential.

In 2020, the Company responded promptly to the epidemic, strictly followed the government's instructions to implement epidemic prevention and control, and realised safe resumption of work. It also leveraged its core advantages to expand the financing and investment scale during the operation, explore multi-resource channels

Chairman's Statement (Continued)

and acquire high-quality lands to expand the land bank. With regard to the projects, the Company strived for every node and the quality, and improved every link in the sales process to promote the conversion. The Group sprinted to the business performance objectives with collective wisdom and concerted efforts, united to recover from the impact of COVID-19, and achieved a robust growth.

- 1) **Financing and credit:** With the sound performance of operational indicators and credit rating, the Group was recognised by the capital market and further developed the financing and credit channels. In March 2020, the Group successfully issued US\$150 million senior notes with the coupon rate of 7.5%. In December 2020, the Group entered into a facilities agreement of HK\$734 million with Hang Seng Bank Limited and certain other financial institutions.
- 2) **Property development and sales:** In 2020, the Group achieved positive growth in terms of development area, sales area and sales volume. Throughout the year, the Group launched two new projects, namely, JY Maofeng Town located in Guangzhou, and JY Egret Bay located in Lingao County, Hainan Free Trade Zone. JY Maofeng Town was the first project the Group operated by the right of use, offering flexible spaces available for office work and commercial operation, and expanding a new market. JY Egret Bay was another selected eco-friendly and people-oriented vacation project the Group launched in Hainan Island after JY Clearwater Bay No. 3. featuring vacation products, the project won active subscriptions from those who wanted home upgrading and recorded ideal transactions.

Due to the epidemic, projects of environment improvement and living space improvement were sought after, with both JY Uniworld in Zhaoqing and JY Gaoligong Town in Tengchong recorded satisfactory subscription results. Located in famous tourism cities with favourable environment and thousand-year history, these two projects possess pleasant ecological environment and humanistic connotations, primarily offer courtyards and town houses for home upgrading, and satisfy people's upgraded requirements for healthy environment and high-quality products, which, in turn, verifies the accurate predicts and the competitive advantages of JY Grandmark regarding market layout and product strategy.

- 3) **Land bank:** In 2020, high-quality lands in core cities and core regions still had a heated market with rising prices even in the context of increasing the overall supply to ease the demand. The Group also actively expanded the land bank and acquired more quality lands in the existing markets with established brand effect. In the meantime, the Group focused on Yangtze River Delta, provincial capitals in central and western China and hotspot cities to seek opportunities. Throughout the year, it acquired a total of 12 lands via bidding in three hotspot provinces, Guangdong, Yunnan and Jiangsu, adding approximately 1,141,000 sq.m. to the reserve development area. In the investment of lands acquired, the Group adopted cooperation model for some projects and developed the projects in collaboration with strong real estate enterprises to improve the overall benefit.

- 4) **Property management:** Zhuodu Property, the property management arm of the Group, recorded strong operational indicators: the chargeable area under management reaching 662,400 sq.m., representing a year-on-year increase of over 210%; the revenue reaching approximately RMB18.3 million, representing a year-on-year growth of approximately 27.1%. What is worth noticing is that in addition to the basic property management fees, approximately 30% of the revenue of the property management arm were sourced from other operational businesses, and innovative businesses will also become the revenue growth drivers that Zhuodu Property will focus to develop.
- 5) **Hotel operations:** Despite the bleak operational performance in the first half of 2020, the two Just Stay hotels seized the opportunity of eased epidemic development and consumption power release, launched promotion activities in line with the trend and actively developed the market, thereby ushering in the "peak season" with high occupancy and recovering the operational loss caused by the pandemic. In 2020, Just Stay Hotel and Just Stay Resort recorded an aggregate revenue of approximately RMB61.4 million and the operating results remained stable.
- Meanwhile, we also notice that there will be challenges in the industry. As policies including "no speculation of residential properties" and "three red lines" remain effective, the property investment and development will be tightened to a certain extent, and improving the investment target and capital turnover will be the key of enterprise operation. Furthermore, new turning points emerge in the consumption market after the epidemic, with the focus on location and price changing to the focus on integrated experience that covers multiple aspects including products, supporting facilities and property services. Therefore, real estate enterprises should also foster the comprehensive operation ability while building the products.
- Based on the foregoing, entering the development stage of comprehensive acceleration, increase and expansion, the Group will maintain a sound financial position in 2021, based on which, it will follow policies and trends, develop businesses of growth potential with a forward-looking posture and expand diversified business channels. At the same time, the Group will enhance the thinking of innovative operation and introduce high quality platform resources to improve the added value of products and services, thereby cultivating a better appreciation ability and building the comprehensive competitiveness in software and hardware.

FUTURE STRATEGIES AND PROSPECTS

The Company anticipates that the domestic property market will be in general favourable in 2021: on one hand, demands for objective nature in the property market will be further released as the consumption recovers, which will stimulate the sales volume; on the other hand, policies will open channels for such businesses as urban renewal, and property investment and development will embrace new opportunities and growth points.

- 1) **Investment strategy:** The Group will still take economic zones of top level and cities with population inflows as the core of development layout, making the development of high-quality lands and projects in the Guangdong-Hong Kong-Macao Greater Bay Area as the key, focusing on markets of high growth such as Yangtze River Delta and provincial capitals in central and western China and lands with superior environment resources and humanistic resources and continuously expanding the layout through diversified models including tenders, auctions or listing-for-sale, mergers and acquisitions, and joint development, thereby storing sufficient high-quality lands for the Company's future development. In addition, the Group will also seize the policy opportunities and follow the process of city planning and urbanisation to develop the urban renewal business in regions of high conversion and growth potential.

Chairman's Statement (Continued)

- 2) **Business strategy:** Based on the business strategy of diversified development, the Group will strengthen the resource coordination in businesses of property development, property management, hotel and commercial operation, to maximise the productivity of business segments. In the meantime, the Group will establish ties among the business segments with the vision of building its own industry chain, making it as a strong competitive advantage in the Group's development of businesses.
- 3) **Product strategy:** The post-epidemic era highlights the advantage of "Eco-friendly and People-oriented Property". The Group will adhere to the positioning of developing markets of high growth, reacting to market demands and focusing on developing selected eco-friendly and people-oriented properties of high quality, high gross profit and high premiums to provide different customer groups with high-class residential and living communities.

In the product research and development, we will give greater weight to market hotspots including ecology, aesthetics, intelligence and health and make innovation in product style, apartment type and space designs, thus creating products characterised by unique aesthetics and superior experience. In the building of supporting facilities, we will enhance the construction of communities and groups based on public space and property services, introduce the concept of "Comprehensive Health" and other supporting resources that offer diverse experience, to improve the added value of products and strengthen the customer stickiness. By creating products with unique competitive advantages, the Group will secure greater market shares in the market segments, promote the brand upgrading further, and improve the brand recognition and influence.

In 2021, the Group will maintain the existing development advantages, interact more with the market and improve the competitiveness in technology and business innovation, to create high-quality products and services and build the brand image. In the meantime, it will promote the high-quality growth and the rapid scale expansion with profits allowing adequate cash flows and sales activities featuring high conversion, so that it will create greater value for owners and Shareholders.

APPRECIATION

I hereby express my sincere gratitude to the customers and business partners for their long-term support. My heartfelt appreciation also goes to our Directors, the management team and all employees for their excellent work and contributions in the past year.

In particular, I would like to thank you, our Shareholders, for your continuing support and trust, which is very important for the growth of the Group and also very much valued by the Board.

I am very confident in the strategies that we envision and implement. Our professional and seasoned management team has well placed JY Grandmark to deliver growth in its profitability in relation to its core businesses in the future.

CHAN Sze Ming Michael

Chairman of the Board

Guangzhou, the PRC, 25 March 2021

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the year of 2020, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associate, was approximately RMB3,523.6 million, representing a year-on-year growth of 13.1% as compared to RMB3,116.3 million in 2019. The total contracted sales GFA was approximately 351,000 sq.m., representing an increase by 38.7% as compared to approximately 253,000 sq.m. in the previous year.

During the year of 2020, the Group's recognised revenue was RMB2,347.1 million, representing a year-on-year decrease of 2.3% as compared to RMB2,402.8 million in 2019. The operating profit was RMB744.7 million, representing a year-on-year decrease of 18.3% as compared to RMB911.7 million in 2019. Profit for the year was RMB478.4 million, representing a year-on-year decrease of 3.3% as compared to RMB494.9 million in 2019. Core net profit amounted to RMB427.3 million, representing a year-on-year decrease of 4.4% as compared to RMB446.9 million in 2019.

Revenue

Our revenue represents consolidated revenue from (i)

property development and sales; (ii) hotel operations; (iii) commercial property investment; and (iv) property management which are all derived in the PRC. During the year of 2020, revenue of the Group amounted to RMB2,347.1 million, representing a decrease of 2.3% as compared to RMB2,402.8 million in the corresponding period of 2019.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2020, revenue from recognised sales of property development of the Group amounted to RMB2,248.8 million, representing a decrease of 1.8% as compared to RMB2,290.3 million in 2019, accounting for 95.8% of the Group's total revenue. The slight decrease in revenue recognised was primarily due to a decline in ASP as a result of change in mix of properties delivered, while the aggregate GFA completed and delivered in 2020 increased by 97.7% year-on-year as a result of the Group's continuing expansion.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2020 and 2019.

City	Year ended 31 December 2020				Year ended 31 December 2019			
	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP
	RMB'000	%	Sq.m.	RMB/Sq.m.	RMB'000	%	Sq.m.	RMB/Sq.m.
Guangzhou	510,461	22.7%	33,950	15,036	680,963	29.7%	64,278	10,594
Zhongshan	27,855	1.3%	1,218	22,869	66,519	2.9%	3,017	22,048
Zhaoqing	141,532	6.3%	8,111	17,449	-	-	-	-
Qingyuan	440,967	19.6%	76,868	5,737	-	-	-	-
Lingshui	191,466	8.5%	8,241	23,233	1,504,031	65.7%	50,427	29,826
Lingao	23,476	1.0%	3,175	7,394	-	-	-	-
Tengchong	677,031	30.1%	75,377	8,982	28,832	1.3%	1,514	19,043
Zhuzhou	162,127	7.2%	28,792	5,631	-	-	-	-
Others (Note)	73,907	3.3%	N/A	N/A	10,000	0.4%	N/A	N/A
Total/overall	2,248,822	100.0%	235,732	9,226	2,290,345	100.0%	119,236	19,125

Note: Others represented service income from property development and management.

Management Discussion and Analysis (Continued)

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the year of 2020, revenue from hotel operations of the Group amounted to RMB61.4 million, representing a slight decline by 16.8% as compared to RMB73.8 million in 2019. Despite the bleak operational performance in the first half of 2020 due to the impact of the outbreak of COVID-19, the two Just Stay hotels seized the opportunity of eased epidemic development and consumption power release. Revenue and operating results from hotel operations have demonstrated a healthy recovery since the second quarter.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the year of 2020, revenue from commercial property investment of the Group amounted to RMB18.6 million, representing a decrease by 23.1% as compared with RMB24.2 million in 2019. The decrease was due to less GFA leased by the Group throughout the year of 2020 mainly as a result of the disposal of Zhongshan Jingyue Investment Co., Ltd.* (中山市景悦投資有限公司) and its subsidiary Zhongshan Yueheng Corporate Management Co., Ltd.* (中山市悦恒商業管理有限公司).

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2020, revenue from property management services of the Group amounted to RMB18.3 million, representing an increase of 27.1% as compared with RMB14.4 million in 2019, mainly due to increase in GFA of the properties under management.

Cost of sales

Our cost of sales comprise (i) costs of properties sold which are directly associated with the revenue from the property development and sales; (ii) costs in relation to the hotel operations; (iii) costs in relation to commercial property investment which are directly associated with rental income derived from our investment properties; and (iv) costs directly attributable to the provision of property management.

During the year of 2020, cost of sales of the Group amounted to RMB1,434.3 million, representing an increase of 14.0% as compared with RMB1,258.6 million in 2019. The increase in cost of sales was primarily due to increase in the aggregate GFA completed and delivered in line with the development of the Group's businesses.

Gross profit and gross profit margin

During the year of 2020, the Group's gross profit amounted to RMB912.7 million, representing a year-on-year decrease of 20.2% as compared with RMB1,144.2 million in 2019. The Group's gross profit margin decreased to 38.9% from 47.6% in the corresponding period of 2019.

During the year of 2020, the Group's gross profit margin from our property development and sales decreased by 9.1 percentage points to 40.0% from 49.1% in 2019. Such decrease was primarily due to change in mix of properties delivered. Analysing based on the gross profit margin by city, major cities including Guangzhou, Qingyuan and Tengchong which attained gross profit margin ranging from approximately 32.1% to 43.8% and together cast a significant influence to overall gross profit margin as the revenue of the three major cities accounted for 72.4% of our total revenue from property development and sales in 2020.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other selling expenses. During the year of 2020, selling and marketing expenses of the Group amounted to RMB124.6 million, representing a decrease of 4.9% as compared with RMB131.0 million in 2019, accounting for 5.3% of total revenue (2019: accounting for 5.5% of total revenue). Such decrease was mainly due to effective cost control measures imposed by the Group over the marketing activities.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. During the year of 2020, the Group's administrative expenses amounted to RMB141.0 million, representing a decline by 13.4% as compared with RMB162.9 million in 2019, accounting for 6.0% of total revenue (2019: accounting for 6.8% of total revenue), primarily resulted from non-recurring listing expenses of RMB23.5 million recorded in 2019 as well as effective cost control measures imposed by the Group.

Other income and other expenses

For the year of 2020, our other income primarily represented government grants and forfeited deposits from our customers in relation to the sales of properties. Other expenses primarily represented donations to charitable organisations in response to COVID-19 as well as donation to Po Leung Kuk.

Other gains – net

Our other gains – net primarily consisted of gains or losses from changes of fair value on investment properties, disposal of subsidiaries, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other gains – net increased from RMB61.0 million in 2019 to RMB86.7 million in 2020, mainly attributable to fair value gains on investment properties of RMB68.0 million in 2020.

Finance costs/(income) – net

Finance costs/(income) – net comprised mainly interest expenses on bank and other borrowings and leases net of capitalised interest expenses, net exchange gains/(losses) on foreign currency borrowings and interest income from bank deposits. The Group's finance costs/(income) – net changed from income of RMB1.4 million in 2019 to costs of RMB13.3 million in 2020, mainly due to increase in interest expenses charged to finance costs amounting to RMB34.5 million.

Share of results of joint ventures

The Group's share of losses of joint ventures increased from RMB0.2 million in 2019 to RMB2.5 million in 2020, mainly attributable to the projects under development of the joint ventures, which are in the development stage before contributing profits to the Group.

Share of results of an associate

The Group's share of profit of an associate during the year of 2020 amounted to RMB55.5 million, while the Group recognised share of loss of the associate amounted to RMB1.4 million in 2019. The fluctuation was mainly caused by recognition of revenue and the corresponding share of profit from the associate during the year of 2020.

Income tax expense

Income tax expense decreased to RMB306.1 million in 2020 from RMB416.6 million in 2019, which was mainly due to decrease in land appreciation tax by RMB101.8 million as a result of the decrease in gross profit derived from sales of properties. Our effective tax rate remained relatively stable at 27.2% and 27.5%, respectively, for the years ended 31 December 2020 and 2019.

Profit for the year

As a result of the aforementioned, profit for the year of the Group decreased from RMB494.9 million in 2019 to RMB478.4 million in 2020, representing a year-on-year decrease of 3.3%. Core net profit amounted to RMB427.3 million, representing a decrease of 4.4% as compared with RMB446.9 million in 2019. Profit attributable to owners of the Company amounted to RMB485.2 million, representing a decrease of 3.3% as compared with RMB501.5 million in 2019.

The basic and diluted earnings per share amounted to RMB0.29 (2019: RMB0.41).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group funded and is expected to continue to fund its operations principally from proceeds from the IPO, cash generated from its operations, as well as borrowings from financial institutions and issuance of senior notes.

Cash positions and fund available

As at 31 December 2020, the total cash and bank balances of the Group were RMB2,361.4 million (31 December 2019: RMB1,976.1 million), of which RMB2,037.6 million (31 December 2019: RMB957.0 million) was cash and cash equivalents and RMB323.8 million (31 December 2019: RMB1,019.1 million) was restricted cash.

Management Discussion and Analysis (Continued)

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings. As at 31 December 2020, the Group had placed cash deposits of approximately RMB197.3 million (31 December 2019: RMB930.6 million) with designated banks as security for bank borrowings.

As at 31 December 2020, the Group's undrawn borrowing facilities were approximately RMB1,055.4 million (31 December 2019: RMB2,828.3 million).

Borrowings

As at 31 December 2020, the total interest-bearing bank and other borrowings of the Group were RMB3,111.8 million (31 December 2019: RMB3,303.0 million), of which RMB1,569.0 million (31 December 2019: RMB1,379.9 million) was included in non-current liabilities and RMB1,542.8 million (31 December 2019: RMB1,923.1

million) was included in current liabilities of the Group, respectively.

- (a) The Company issued senior notes in an aggregate principal amount of US\$150,000,000 in Hong Kong on 10 March 2020 (the "2020 Notes"). The interest rate of the 2020 Notes is fixed at 7.5% per annum. The 2020 Notes have matured on 9 March 2021, and are puttable for early redemption at the principal amount at any time prior to 9 March 2021. The 2020 Notes were listed on the Stock Exchange on 11 March 2020.

The net proceeds, after deducting the issuance costs, amounted to US\$148,395,000 (equivalent to approximately RMB1,029,715,000).

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (b) As at 31 December 2020, the Group's borrowings were denominated in following currencies:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
RMB	1,550,014	1,807,071
HK\$	588,567	1,495,953
US\$	973,224	–
	3,111,805	3,303,024

- (c) As at 31 December 2020, bank and other borrowings totalling RMB1,548.0 million (31 December 2019: RMB2,299.8 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Lands	13,263	13,865
Property, plant and equipment	260,917	300,091
Investment properties	197,902	187,703
Properties under development	965,675	1,016,776
Completed properties held for sale	927,913	1,095,440
Trade receivables	1,206	1,190
Restricted cash	197,276	930,558
	2,564,152	3,545,623

(d) The repayment terms of the borrowings were as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	1,542,827	1,923,102
1 to 2 years	627,049	329,386
2 to 5 years	615,264	797,092
Over 5 years	326,665	253,444
	3,111,805	3,303,024

Cost of borrowings

For the year ended 31 December 2020, total cost of borrowings of the Group amounted to RMB269.1 million, representing an increase of 106.4% from RMB130.4 million in the corresponding period of 2019, mainly attributable to higher average balance of borrowings during 2020. The Group's annual weighted average effective interest rate for the year of 2020 was 6.50% (2019: 6.43%).

Net gearing ratio

As of 31 December 2020, net gearing ratio was at an industry-low level of 16.9%, decreased by 30.2 percentage points from 47.1% as of 31 December 2019. The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long-run.

Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

Contingent liabilities

(1) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

As at 31 December 2020, the outstanding guarantees were RMB1,341.6 million (31 December 2019: RMB1,075.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(2) As at 31 December 2020, the Group had provided guarantees for borrowings of one of the Group's joint ventures, amounting to RMB422.5 million (31 December 2019: nil).

Commitments

As at 31 December 2020, the commitments of the Group for property development expenditure amounted to RMB2,375.2 million (31 December 2019: RMB1,897.0 million).

Management Discussion and Analysis (Continued)

Currency risks

The Group's businesses are principally conducted in RMB. As at 31 December 2020, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash and bank and other borrowings, which are denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

For the year ended 31 December 2020, save as disclosed in the Prospectus and in this annual report, the Group currently has no other plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

(1) **Deemed disposal of interest in Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.* (廣州鑫澤集永房地產開發有限公司) ("Guangzhou Xinze")**

On 27 October 2020, Guangzhou Xinze entered into the equity transfer agreement with Guangzhou Jinke Real Estate Development Co., Ltd.* (廣州金科房地產開發有限公司) ("**Guangzhou Jinke**"), pursuant to which Guangzhou Xinze agreed to acquire and Guangzhou Jinke agreed to dispose of the 49% of the equity interest in Guangzhou Jingyu Real Estate Development Co., Ltd.* (廣州景譽房地產開發有限公司) ("**Guangzhou Jingyu**") held by Guangzhou Jinke, at the consideration of RMB24.5 million. As of the date of the equity transfer agreement, Guangzhou Xinze was owned by Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司) ("**Guangzhou Yinong**", an indirect wholly-owned subsidiary of the Company) and Guangzhou Jinke as to 51% and 49%, respectively.

On 28 October 2020, Guangzhou Yinong entered into the cooperative development agreement with Shaanxi International Trust Co., Ltd.* (陝西省國際信託股份有限公司) ("**Shaanxi Trust**"), Guangzhou Jinke, Guangzhou Xinze, Guangzhou Jingyu and Chongqing Jinke Real Estate Development Co., Ltd.* (重慶金科房地產開發有限公司), pursuant to which Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in Guangzhou Xinze, pursuant to the terms and conditions of the cooperative development agreement. Upon completion of the capital increase of Guangzhou Xinze on 30 October 2020, the registered capital of Guangzhou Xinze was increased from RMB50 million to RMB166.67 million, and Guangzhou Xinze was held by Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong as to 70%, 14.7% and 15.3%, respectively. Each of Guangzhou Xinze and Guangzhou Jingyu ceased to be a subsidiary and became a joint venture of the Company.

For further details, please refer to the announcements of the Company dated 27 October 2020 and 28 October 2020.

(2) **Increase in commitment to Lucky Lead Global Limited ("Lucky Lead")**

On 27 November 2020, Jingye Holdings Limited ("**Jingye Holdings**", a direct wholly-owned subsidiary of the Company) entered into the supplemental agreement with Sunflower Avenue Limited ("**SAL**") and Lucky Lead, pursuant to which the shareholders' agreement of Lucky Lead entered into amongst Jingye Holdings, SAL and Lucky Lead shall be amended such that the total capital commitments (excluding external financing) of Jingye Holdings and SAL to Lucky Lead shall not exceed US\$158.1 million and US\$151.9 million, respectively. As of the date of the supplemental agreement, Lucky Lead is owned by Jingye Holdings and SAL as to 51% and 49%, respectively, and a subsidiary of the Company.

For further details, please refer to the announcement of the Company dated 27 November 2020.

(3) **Disposal of equity interest in Zhongshan Jingyue Investment Co., Ltd.* (中山市景悦投資有限公司) (“Zhongshan Jingyue”)**

On 28 December 2020, Guangzhou Yinong entered into the equity transfer agreement with Guangzhou Zhiyang Investment Co., Ltd.* (廣州智揚投資有限公司) (“**Guangzhou Zhiyang**”) and Zhongshan Jingyue, pursuant to which Guangzhou Yinong agreed to dispose of and Guangzhou Zhiyang agreed to acquire 45% of the equity interest of Zhongshan Jingyue at a consideration of RMB1.35 million. Upon completion of the disposal on 30 December 2020, Zhongshan Jingyue ceased to be a subsidiary and became a joint venture of the Company.

For further details, please refer to the announcements of the Company dated 28 December 2020 and 30 December 2020.

Save as disclosed above, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures.

Biographies of the Directors and Senior Management

Directors

Executive Directors

Mr. CHAN Sze Ming Michael (陳思銘), aged 32, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director and the chairman of the Company on 13 November 2019. Mr. Michael Chan founded the Group in December 2013. He is primarily responsible for formulating development strategies of the Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, finance centre, audit and supervision department, human resources and administration centre and operation centre of the Group.

Mr. Michael Chan obtained a Bachelor of Commerce (major in Finance) in July 2011 from Griffith University in Australia. After graduation, he founded the Group in 2013, and has since then obtained over 7 years of experience in the real estate development industry. Mr. Michael Chan was awarded “Real Estate Innovator in 2018” (「2018年度地產創新人物」) by China Times (《華夏時報》), and “New China’s Real Estate Leader of the Year” (「中國房地產年度新領軍人物」) by China International Real Estate & Architectural Technology Fair (CIHAF) (中國國際房地產與建築科技展覽會) in 2019.

Mr. LIU Huaxi (劉華錫), aged 45, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director and the vice chairman of the Company on 13 November 2019. Mr. Liu joined the Group in May 2019. He is primarily responsible for managing investment centre, procurement centre, treasure department of the Group, and the subsidiaries of the Company in Hong Kong. He is a member of the Remuneration Committee and Nomination Committee.

Before joining the Group, Mr. Liu has worked in Agile Group Holdings Limited (雅居樂集團控股有限公司) since 1995. He was responsible for project operation and development, hotel business, property management, administration and human resources management, capital market operation and management of Agile Foundation* (廣東省雅居樂公益基金會). He left as the vice president of Agile Group Holdings Limited (雅居樂集團控股有限公司), and chairman of Agile Foundation* (廣東省雅居樂公益基金會) in 2014. From August 2014 to April 2019, he has worked in Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司) as the vice chairman and executive president. He was responsible for the overall management of the company. C&L International Holdings Pty Ltd, a company where Mr. Liu held 30% shareholding, completed the real estate project of Royal Como – 663-667 Chapel Street, South Yarra, Melbourne in Australia in 2018. He has over 25 years of experience in real estate development industry and senior management.

Mr. Liu graduated from Hohai University (河海大學) in the PRC in July 1995 majoring in Industrial Enterprise Management. He was named “Person of the Year” (年度影響力風雲人物) for 2015-2016 Zhongshan Zhuhai Jiangmen Real Estate Overall Rating (中珠江樓市總評榜) by Sohu and www.focus.cn in 2016.

Ms. ZHENG Catherine Wei Hong (alias 鄭紅) (previously known as Zheng Weihong, 鄭衛紅), aged 53, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Ms. Catherine Zheng joined the Group in March 2014 and is now the president of the Group. She is primarily responsible for managing marketing centre of the Group, and the subsidiaries of the Company operating property management and hotel operations business.

Biographies of the Directors and Senior Management (Continued)

Before joining the Group, Ms. Catherine Zheng has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the assistant to president from 2001 to 2010, and in Guangzhou Panyu Agile Real Estate Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) as the general manager from 2010 to 2014. She was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, managing the real estate projects, supervising on accomplishment of the operation targets and plans of the company and participating in marketing activities. Ms. Catherine Zheng has over 19 years of experience in the real estate development industry and senior management.

Ms. Catherine Zheng obtained a Master of Business Administration with Distinction in May 2001 from The University of Western Sydney in Australia. Ms. Catherine Zheng was awarded “Outstanding Female Entrepreneur of Guangdong Province” (廣東省優秀女企業家) by Guangdong Female Entrepreneur Association* (廣東省女企業家協會) in May 2013 and she became the vice president of the Council Committee of Guangzhou Female Entrepreneur Association* (廣州市女企業家協會) since January 2012. She has been the vice president of the 7th Council Committee of Guangzhou Panyu Nancun General Chamber* (廣州市番禺區南村總商會) since June 2016.

Mr. WU Xinping (吳新平), aged 56, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Mr. Wu joined the Group in March 2017, and is now the vice president of the Group. He is primarily responsible for managing engineering centre of the Group, Guangzhou Hongchuang Construction Co., Ltd.* (廣州市泓創建設有限公司) and Guangzhou Chuangyi Decoration Engineering Co., Ltd.* (廣州創藝裝飾工程有限公司).

Before joining the Group, Mr. Wu has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the general manager of the Engineering Centre from 1999 to 2017. He was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling the costs of the company. Mr. Wu has over 21 years of experience in the real estate development industry and senior management.

Mr. Wu graduated from Yangzhou University (揚州大學) in the PRC in October 1998 majoring in Economics Management. He received his licence as a senior engineer from the Human Resources Bureau of Nantong City* (南通市人事局) in the PRC in July 2003. He was also a member of the Chartered Institute of Building in March 2011.

Mr. XUE Shuangyou (薛雙有), aged 57, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Mr. Xue joined the Group in October 2017, and is now the vice president of the Group. He is primarily responsible for managing the subsidiaries and associated companies of the Company in Conghua, Zhaoqing, Qingyuan, Zhuzhou, Hainan, Yunnan and Nansha.

Before joining the Group, Mr. Xue has worked in Agile Group Holdings Limited (雅居樂集團控股有限公司) as the regional president from 1999 to 2017. He was responsible for formulating medium-term to long-term development plans and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling the costs of the company. Mr. Xue has over 21 years of experience in the real estate development industry and senior management.

Mr. Xue obtained a bachelor's degree in Construction Engineering (major in Construction Structure Engineering) in July 1984 from Inner Mongolia Engineering College* (內蒙古工學院) (currently known as Inner Mongolia University of Technology (內蒙古工業大學)) in the PRC. He received his licence as a senior engineer from the Ministry of Machine-Building Industry of the People's Republic of China* (中華人民共和國機械工業部) in September 1996.

Biographies of the Directors and Senior Management (Continued)

Ms. WEI Miao (韋妙嫻), aged 52, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director of the Company on 13 November 2019. Ms. Wei joined the Group in July 2014, and is now the general manager of finance centre of the Group. She is primarily responsible for overseeing financial management of the Group, including profit forecast and analysis and taxation management.

Before joining the Group, Ms. Wei has worked in certain group companies of Agile Group Holdings Limited as (i) the finance manager from 1998 to 2006 where she was responsible for the financial management work, and (ii) the manager of audit and supervision centre from 2006 to 2014 where she was responsible for the audit supervision work of the group. Ms. Wei has over 22 years of experience in financial management, audit and senior management.

Ms. Wei graduated from University of Electronic Science and Technology of China in the PRC, majoring in Financial Management learning online in June 2013. She received the certificate of accounting (intermediate) in the PRC issued by the Ministry of Human Resources and Social Security and Ministry of Finance of the People's Republic of China in December 2008. She was further designated as certified internal auditor by The Institute of Internal Auditors in November 2012.

Independent non-executive Directors

Mr. MA Ching Nam, BBS, CStJ, J.P. (馬清楠), aged 68, was appointed as an independent non-executive Director of the Company on 13 November 2019. He is responsible for providing independent judgement on the Group's strategies, performance, resources and standard of conduct. Mr. Ma is the chairman of the Nomination Committee, and member of the Audit committee and the Remuneration Committee.

Mr. Ma obtained a degree of Bachelor of Science in Economics with honours from The University of Hull in July 1977. He was admitted as a solicitor in England and Wales, Hong Kong, Victoria (Australia) and Singapore. He is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant of Marriages. Mr. Ma has been practicing law for over 40 years. He is currently a partner of Hastings & Co., Solicitors & Notaries.

Mr. Ma currently serves as director of Tai Sang Bank Limited, Heptacontinental group of companies, Ma Kam Ming Company Limited, Ma's Enterprises Company Limited and Ma Kam Ming Charitable Foundation. He is also the independent non-executive director of Union Medical Healthcare Limited (2138.HK) and Time Watch Investments Limited (2033.HK).

Mr. Ma was the President of the Hong Kong Society of Notaries (2007–2013). He was Chairman of Po Leung Kuk (2019–2020) and now Advisor of Po Leung Kuk Advisory Board. He was appointed a member of Political and Consultative Conference in Hunan Province, the People's Republic of China (2003-2017). He is a visiting professor of the China Agricultural University.

Mr. LEONG Chong (梁翔), aged 55, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Leong is the chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee.

Before joining the Group, Mr. Leong worked as (i) construction analyst of the research department in Carr Indosuez Asia Group from 1994 to 1995, (ii) research analyst in ING Baring Securities (Hong Kong) Limited from 1995 to 1997, (iii) analyst and vice president in the equity research division of Morgan Stanley Dean Witter Asia Limited from 1997 to 2000, (iv) director in equity research department of Credit Suisse First Boston (Hong Kong) Limited from 2000 to 2001. Then, he joined Morgan Stanley Dean Witter Asia Limited (摩根士丹利添惠亞洲有限公司) and worked in the Morgan Stanley group of companies from 2002 to 2015. Prior to his departure, he was working in the capacity of a managing director in the investment banking division in Hong Kong. Since 2015 until 2019, he was the deputy general manager of S.F. Holding Co., Ltd.. Mr. Leong has over 27 years of experience in securities and investment industry and senior management.

Biographies of the Directors and Senior Management (Continued)

Mr. Leong obtained the degree of Bachelor of Arts with a major in Computer Science in December 1990 by University of California, Berkeley.

Mr. WU William Wai Leung (胡偉亮), aged 54, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Wu is the chairman of the Audit Committee, member of the Remuneration Committee and Nomination Committee.

Before joining the Group, Mr. Wu worked as (i) analyst and then associate in the corporate finance department of Marleau, Lemire Securities Inc., Canada from 1993 to 1995, (ii) business analyst of Salomon Brothers Hong Kong Limited from 1995 to 1996, (iii) assistant manager in the corporate finance division of Schroders Asia Limited from 1996 to 1998, (iv) manager and then senior manager from 1998 to 1999 in the equity capital markets department of BNP Equities Hong Kong Limited, (v) director of E2-Capital Limited and E2-Capital (HK) Limited from 1999 to 2001, and then head of equity capital markets and joint head of corporate finance of SBI E2-Capital Limited (joint venture between Softbank Investment and E2-Capital Group) from 2001 to 2002, (vi) employee of Sunwah Kingsway Capital Holdings Limited (188.HK) (previously known as SW Kingsway Capital Holdings Limited) from 2002 to 2011, with the titles of executive director and chief executive officer from 2006 to 2010 and strategy consultant from 2010 to 2011, (vii) chief executive officer of RHB Hong Kong Limited from 2011 to 2017 and (viii) executive director and chief executive officer of Power Financial Group Limited (397.HK) from 2017 to 2019. Since January 2019 until now, Mr. Wu is the managing director of investment banking at Glory Sun Securities Limited (previously known as China Goldjoy Securities Limited) (an indirect subsidiary of China Goldjoy Group Limited (1282.HK)). He also became a responsible officer for asset management (type 9) in April 2019 and a responsible officer for advising on corporate finance (type 6) in May 2019. Currently, he is an independent non-executive director of Asia Allied Infrastructure Holdings

Limited (711.HK) since 2015. He is also an independent director of Document Security Systems (DSS-NYSE-Amer) since 2019 and HF Enterprises Inc. (NASDAQ: HFEN) since 2020. He is also the director of Hong Kong – ASEAN Economic Cooperation Foundation Limited, and Monte Jade Science and Technology Association of Hong Kong Limited. Mr. Wu has over 27 years of experience in financial industry and senior management.

Mr. Wu graduated from Simon Fraser University, Vancouver, BC, Canada with a degree of Bachelor in Business Administration in October 1990, and a degree of Master in Business Administration in June 1993. He became the chartered financial analyst designated by The Institute of Chartered Financial Analysts in September 1996.

Mr. Wu is also a member of Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference, life chairman of HK Guangxi Chamber of Commerce Limited, vice chairman of Federation of Hong Kong Guangxi Community Organizations and Honorary Chairman of Islands Community Foundation Association.

Senior Management

Ms. TAN Yuxing (譚玉杏), aged 46, is the vice president of the Group. She joined the Group in April 2014. She is primarily responsible for managing cost centre of the Group.

Before joining the Group, Ms. Tan worked in Agile Group Holdings Limited as (i) the secretary to the head of real estate management centre from 2000 to 2004, (ii) the supervisor of the Panyu project contract cost department where she was responsible for monitoring the project costs and budgets from 2004 to 2006, and (iii) the secretary and assistant to the vice chairman from 2006 to 2014 where she assisted the vice chairman in managing the projects in the PRC. She has over 20 years of experience in management of real estate projects and senior management.

Biographies of the Directors and Senior Management (Continued)

Ms. Tan graduated from Zhongyang Guangbo Dianshi University* (中央廣播電視大學) (currently known as The Open University of China) in the PRC in January 2008 majoring in Law. She further received the certificate of assistant engineer in the PRC issued by Human Resources and Social Security Department of Guangdong Province in the PRC in December 2010.

Mr. LAN Chiyuan (藍熾源), aged 42, is the vice president of the Group. He joined the Group in May 2014. He is primarily responsible for managing design centre of the Group.

Before joining the Group, Mr. Lan first worked as the chief designer in Foshan Jianyi Jianzhu Design Institute Co., Ltd.* (佛山市建藝建築設計院有限公司) from 2001 to 2007. He then worked as the assistant to general manager and head of Foshan branch of Guangdong Yuejian Design & Research Institute Co., Ltd.* (廣東粵建設計研究院有限公司佛山分公司) from 2007 to 2010. He then worked as manager in the design department of Agile Group Holdings Limited (3383.HK) from 2010 to 2014. He was responsible for the technical guidance design management work and daily management of the department.

Mr. Lan graduated from Guangzhou University in July 2001 majoring in Building Construction. He further received the certificate of architectural design engineer (intermediate) in the PRC issued by the Ministry of Human Resources of Meizhou City of the PRC in February 2009.

Mr. LIU Huaqiang (劉華強), aged 41, is the financial controller of the Group. He joined the Group in April 2018. He is primarily responsible for financial management, financing and investor relations of the Group.

Before joining the Group, Mr. Liu worked in PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. Guangzhou Branch for nine years. He left the firm as senior manager in the audit department in 2011. From 2011 to 2014, he was the general manager of the financial planning management department of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.* (中新天津生態城投資開發有限公司), the master developer of the Tianjin Eco-City, the PRC. He was responsible for financial management and analytical work. He then

worked as the assistant to general manager and the financial controller in Huafa Industrial (HK) Limited, a company engaging in real estate development, leasing and investment from 2014 to 2018. Mr. Liu has over 18 years of experience in finance and senior management.

Mr. Liu obtained a Bachelor of Management in Accounting (minor in Computer Science and Application) in Sun Yat-Sen University in June 2002, a Master of Business Administration in November 2016 from The University of Hong Kong. He was a certified public accountant by The Guangdong Institute of Certified Public Accountants in September 2006.

Ms. WAI Ching Sum (衛靜心), aged 53, is the deputy general manager and company secretary of the Group. She joined the Group in August 2017. Ms. Wai is primarily responsible for corporate governance and corporate affairs of the Group.

Before joining the Group, Ms. Wai worked in various group companies of UDL Management Limited from 1996 to 1999. She left the group as the company secretary. She then worked as the company secretary of (i) COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd.) (517.HK) from 1999 to 2005 and (ii) Agile Property Holdings Limited (currently known as Agile Group Holdings Limited) (3383.HK) from 2005 to 2014. Ms. Wai was an executive director and the financial director of Sumpo Food Holdings Limited (currently known as Leyou Technologies Holdings Limited) (1089.HK) from 2014 to 2015. From 2015 to 2017, she was the company secretary of Pacific Century Group Holdings (HK) Limited, an investment management company. Ms. Wai has over 24 years of experience in senior management and provision of company secretarial services to private and listed companies.

Ms. Wai obtained a Master of Science in Financial Economics, through long distance learning, in December 1997 from University of London, the United Kingdom, and a Master of Laws in Chinese Comparative Law in November 2002 from the City University of Hong Kong. She was admitted as a fellow member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in June 2002.

Directors' Report

The Board is pleased to present this annual report together with the audited financial statements of the Group for the year ended 31 December 2020.

Principal Activities

The Company is an investment holding company and the principal activities of the Group are property development and sales, hotel operations, property management and commercial property investment in the PRC. Particulars of the principal activities of the Company's subsidiaries are set out in note 37 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2020.

Business Review

A business review of the Group for the year ended 31 December 2020 and its future development is set out in the chairman's statement from page 28 to page 32 and management discussion and analysis from page 33 to page 39 of this annual report.

Results

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of comprehensive income on page 156 of this annual report.

Dividend

The Board recommends the payment of a final dividend of RMB6.73 cents per share for the year ended 31 December 2020 (the "**2020 Proposed Final Dividend**"). The 2020 Proposed Final Dividend, if approved, shall be payable on or about Wednesday, 16 June 2021 and is subject to the approval of the Shareholders at the AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 8 June 2021 will be entitled to the 2020 Proposed Final Dividend.

The 2020 Proposed Final Dividend will be declared in RMB and paid in HK\$. The final dividend payable in HK\$ will be converted from RMB at the average exchange rate of HK\$ against RMB announced by the People's Bank of China on Thursday, 27 May 2021.

Annual General Meeting

The AGM will be held on Thursday, 27 May 2021. The notice of the AGM will be published and despatched to the Shareholders in accordance with the requirements of the Listing Rules in April 2021.

Closure of Register of Members

(a) For determining the entitlement of the Shareholders to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 May 2021.

(b) For determining the entitlement to the 2020 Proposed Final Dividend

The register of members of the Company will be closed from Friday, 4 June 2021 to Tuesday, 8 June 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2020 Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 3 June 2021.

Donations

Charitable and other donations made by the Group for the year ended 31 December 2020 amounted to approximately RMB3.8 million (2019: RMB1.4 million).

Reserves and Distributable Reserves of the Company

Movements in the reserves of the Group and the Company during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 157 of this annual report and note 39 to the consolidated financial statements respectively.

As at 31 December 2020, the Company's reserves available for distribution to equity shareholders in accordance with its articles of association and the laws of the Cayman Islands amounted to approximately RMB2,070.8 million.

Material Acquisitions and Disposals

Save as disclosed in the section headed "Management Discussion and Analysis – Significant investments, major acquisitions and disposals" in this annual report, during the year ended 31 December 2020 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings as at 31 December 2020 are set out in note 30 to the consolidated financial statements.

Share Capital

Details of the movements in the issued share capital of the Company for the year ended 31 December 2020 are set out in note 28 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year. During the year ended 31 December 2020, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 44.7% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 16.4% of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers and suppliers of the Group during the year ended 31 December 2020.

Relationship with Stakeholders

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to its staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Company understands that it is important to maintain good relationship with customers. The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials. The Group reinforces business partnerships with suppliers and contractors by recurring communication in a proactive and effective manner so as to ensure quality and delivery.

Directors' Report (Continued)

Directors

The Directors during the year ended 31 December 2020 and up to the date of this annual report are as follows:

Executive Directors

Mr. CHAN Sze Ming Michael (*Chairman*)

Mr. LIU Huaxi (*Vice-Chairman*)

Ms. ZHENG Catherine Wei Hong

Mr. WU Xinping

Mr. XUE Shuangyou

Ms. WEI Miaochang

Independent non-executive Directors

Mr. MA Ching Nam

Mr. LEONG Chong

Mr. WU William Wai Leung

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election of such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. According to Article 84(2) of the Articles, any Director appointed pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

In accordance with the Articles and the Corporate Governance Code contained in Appendix 14 to the Listing Rules, Mr. CHAN Sze Ming Michael, Ms. ZHENG Catherine Wei Hong and Mr. MA Ching Nam will retire by rotation in accordance with Article 84(1) of the Articles. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts and Letters of Appointment

Each of the executive Directors has entered into a service contract with the Company commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting), which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors was appointed by the Company for a term of three years commencing from the Listing Date in accordance with their respective letters of appointment with the Company, which may be terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

Independence of Independent Non-Executive Directors

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

Directors' Emoluments and Five Highest Paid Individuals

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2020 are set out in note 40 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2020.

Directors' Interests in Competing Business

Mr. LIU Huaxi holds 50% interest in Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司) ("**Zhongshan Yuelai**"), Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue Investment Co., Ltd.* (中山市景悅投資有限公司) ("**Zhongshan Jingyue**"). Zhongshan Jingyue was originally a subsidiary of the Company and became a joint venture of the Company since 30 December 2020. Zhongshan Yuelai is a property developer in the PRC.

Mr. LIU Huaxi currently holds interests in the entities which operate property development and property management in Zhongshan, the PRC (the "**Zhongshan Business**").

Set out below are the interests of Mr. LIU Huaxi in the Zhongshan Business (save for the intermediary holding companies) which may potentially compete with our businesses for the purpose of Rule 8.10(2) of the Listing Rules during the year ended 31 December 2020:

Company name	Business nature	Interest
Zhongshan Yuelai	Investment holding	Direct shareholder holding 50% interest
Zhongshan Yuechuang Real Estate Investment Co., Ltd.* (中山市悅創房地產投資有限公司)	Property development	Indirect shareholder holding 50% interest
Zhongshan Yingfuda Real Estate Development Co., Ltd.* (中山市盈富達房地產開發有限公司)	Property development	Indirect shareholder holding 50% interest
Zhongshan Yueying Property Management Co., Ltd.* (中山市悅盈物業管理有限公司)	Property management	Indirect shareholder holding 50% interest

Save as above, as at 31 December 2020, none of the Controlling Shareholders or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 29 December 2020, the Company as borrower, Hang Seng Bank Limited as facility agent and mandated lead arranger (the “**Agent**”) and certain other financial institutions as lenders, among others, entered into a facilities agreement (the “**Facilities Agreement**”) in relation to certain term loan facilities in the aggregate principal amount of HK\$734,000,000 (the “**Facility**”) for a term of 36 months from the date of the Facilities Agreement subject to the terms and conditions as set out therein.

Pursuant to the Facilities Agreement, if (i) the family trust of Mr. CHAN Sze Ming Michael (“**Mr. Chan**”) ceases to beneficially own directly or indirectly more than 50% of the issued shares in or control the Company; or (ii) Mr. Chan ceases to remain or continue to act as chairman and executive director of the Company or to maintain control over the management and business of the Company and its subsidiaries, the Company shall promptly notify the Agent upon becoming aware of that event, and the Facility will be immediately and automatically cancelled and all outstanding loans together with accrued interest accrued will become immediately due and payable within ten days of demand by the Agent.

Compliance With Non-Competition Undertakings

Deed of Non-Competition

Each of the Group's Controlling Shareholders, namely, Sze Ming Limited and Mr. CHAN Sze Ming Michael (together, the “**Covenantors**”), has entered into the Deed of Non-competition on 13 November 2019, pursuant to which each of the Covenantors has given an irrevocable non-competition undertaking in favor of the Company namely, each of the Covenantors has, among other matters, irrevocably undertaken and covenanted with the Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall directly or indirectly, and shall procure that their close associates and entities or companies controlled by them or its close associates (other than the Group) shall:

- (a) not be engaged, interested or otherwise involved, directly or indirectly, in any business in any form or manner which is, directly or indirectly, in competition with the business that the Group carries out that includes property development and sales, hotel operations, property management and commercial properties investment business in the PRC (including but not limited to Guangdong, Hainan, Yunnan and Hunan provinces) and any business in any form or manner that is or is likely to be in competition with that of any member of the Group or the Group as a whole from time to time (excluding, for the avoidance of doubt, sales and purchases of properties by the Covenantor for personal residential and/or investment purpose(s) from time to time) (the “**Restricted Activity(ies)**”);
- (b) not directly or indirectly solicit, interfere with or endeavor to entice away from the Group any person, firm, company or organisation who to his/its knowledge is from time to time or has, at any time within the immediate past two years before the date of the Prospectus, been a customer, supplier, distributor, director, consultant or employee of the Group;
- (c) not at any time employ any person who has been a director, manager, employee of or consultant to the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to any business of the Group; and
- (d) not directly or indirectly solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to any Restricted Activity, or cease to deal with the Group or reduce the amount of business which the person would normally do with the Group.

Compliance With Non-Competition Undertakings (continued)

Deed of Non-Competition (continued)

Notwithstanding the undertakings under (a) to (d) above, nothing shall restrict any of the Covenantors from acquiring or holding interests in equity securities issued by any company engaged in any Restricted Activity provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company and that the business and assets of the aforesaid company relating thereto account for less than 5% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (i) the date on which the Covenantors and his/its close associates (individually or taken as a whole) cease to own 30% or more of the then issued Share capital of the Company directly or indirectly or cease to be the Controlling Shareholders of the Company for the purpose of the Listing Rules and do not have power to control the Board; and
- (ii) the date on which the Shares cease to be listed on the Stock Exchange.

Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Activities to the Group during the year ended 31 December 2020.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with its/his undertakings under the Deed of Non-Competition during the year ended 31 December 2020.

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors during the year ended 31 December 2020 and up to the date of this annual report is set out below:

- Mr. CHAN Sze Ming Michael is primarily responsible for formulating development strategies of the Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, finance centre, audit and supervision department, human resources and administration centre and operation centre of the Group.
- Mr. LIU Huaxi is primarily responsible for managing investment centre, procurement centre, treasure department of the Group, and the subsidiaries of the Company in Hong Kong.
- Ms. ZHENG Catherine Wei Hong is primarily responsible for managing marketing centre of the Group, and the subsidiaries of the Company operating property management and hotel operations business.

Changes in Directors' Information (continued)

- Mr. WU Xinping is primarily responsible for managing engineering centre of the Group, Guangzhou Hongchuang Construction Co., Ltd.* (廣州市泓創建設有限公司) and Guangzhou Chuangyi Decoration Engineering Co., Ltd.* (廣州創藝裝飾工程有限公司).
- Mr. XUE Shuangyou is primarily responsible for managing the subsidiaries and associated companies of the Company in Conghua, Zhaoqing, Qingyuan, Zhuzhou, Hainan, Yunnan and Nansha.
- Mr. MA Ching Nam was chairman of Po Leung Kuk (2019 – 2020) and now Advisor of Po Leung Kuk Advisory Board.
- Mr. WU William Wai Leung was appointed as an independent director of HF Enterprises Inc. (NASDAQ: HFEN) since 2020.

Connected Transactions

According to the requirements under Chapter 14A of the Listing Rules, the connected transactions of the Company, which are subject to the annual reporting requirements, for the year ended 31 December 2020 are set out as follows:

- (1) On 27 October 2020, Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.* (廣州鑫澤集永房地產開發有限公司) ("**Guangzhou Xinze**") (an indirect non-wholly owned subsidiary of the Company) entered into the equity transfer agreement with Guangzhou Jinke Real Estate Development Co., Ltd.* (廣州金科房地產開發有限公司) ("**Guangzhou Jinke**"), pursuant to which Guangzhou Xinze as purchaser agreed to acquire and Guangzhou Jinke as vendor agreed to dispose of 49% of the equity interest in Guangzhou Jingyu Real Estate Development Co., Ltd.* (廣州景譽房地產開發有限公司) ("**Guangzhou Jingyu**") held by Guangzhou Jinke, at the consideration of RMB24.5 million. The purpose of this agreement was for group restructuring of Guangzhou Jingyu. On 11 October 2020, Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司) ("**Guangzhou Yinong**") (a wholly-owned subsidiary of the Company) and Guangzhou Jinke entered into the articles of association of Guangzhou Xinze, pursuant to which the parties thereto agreed to establish Guangzhou Xinze for the purpose of acquiring and holding the entire equity interest in Guangzhou Jingyu. Pursuant to Rule 14A.81 of the Listing Rules, these two transactions are treated as a connected transaction.

Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of Guangzhou Jingyu and Guangzhou Xinze.

For details of the relevant transactions, please refer to the Company's announcement dated 27 October 2020.

Connected Transactions (continued)

- (2) On 28 October 2020, Guangzhou Yinong entered into the cooperative development agreement with Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司) (“**Shaanxi Trust**”), Guangzhou Jinke, Guangzhou Xinze, Guangzhou Jingyu and Chongqing Jinke Real Estate Development Co., Ltd.* (重慶金科房地產開發有限公司) (“**Chongqing Jinke**”) pursuant to which amongst others Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in Guangzhou Xinze, pursuant to the terms and conditions of the cooperative development agreement. Subject to the adjustments pursuant to the cooperative development agreement, approximately RMB116.67 million out of RMB910 million shall be injected as the registered capital of Guangzhou Xinze for subscription for 70% of the equity interest in Guangzhou Xinze, and the remaining balance shall be injected as the capital reserve of Guangzhou Xinze. The purposes of this agreement included among other things bringing more equity capital to Guangzhou Xinze and Guangzhou Jingyu for the repayment of the financial liabilities.

Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of Guangzhou Xinze and Chongqing Jinke is also a connected person of the Company at the subsidiary level by virtue of being the holding company of Guangzhou Jinke.

For details of the relevant transaction, please refer to the Company's announcement dated 28 October 2020.

Continuing Connected Transactions

Tenancy agreements between the Group and Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司)

As disclosed in the Prospectus, Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) (“**Guangzhou Shunbang**”), a wholly-owned subsidiary of the Company, entered into a tenancy agreement dated 27 September 2016, a supplemental tenancy agreement dated 10 October 2018 and a second supplemental tenancy agreement dated 20 May 2019, with Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) (“**Panyu Agile**”), under which Panyu Agile agreed to lease to Guangzhou Shunbang the commercial property (except generator room and warehouse on the second floor, warehouse on the first floor, document room and warehouse on the floor basement one) located at “JY Grandmark Building, 198 Guanjing Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC” with a GFA of approximately 5,208.6 sq.m., for a term from 1 November 2016 to 31 October 2026 for commercial office and shop use (the “**Tenancy Agreements**”).

Pursuant to the Tenancy Agreements, Guangzhou Shunbang shall pay Panyu Agile (i) the annual rent (the “**Rental Payment**”) as set out in the table below, and (ii) the property management fees, government taxes, other charges (such as utilities) (the “**Service Payment**”):

Period	Annual Rental Payment (inclusive of value-added tax)
1 November 2016 to 30 October 2017	No more than RMB1 million
1 November 2017 to 30 October 2018	No more than RMB1 million
1 November 2018 to 30 October 2019	No more than RMB1 million
1 November 2019 to 30 October 2020	RMB1,050,000
1 November 2020 to 30 October 2021	RMB1,102,500
1 November 2021 to 30 October 2022	RMB1,157,625
1 November 2022 to 30 October 2023	RMB1,215,506.25
1 November 2023 to 30 October 2024	RMB1,276,281.56
1 November 2024 to 30 October 2025	RMB1,340,095.64
1 November 2025 to 30 October 2026	RMB1,407,100.42

Continuing Connected Transactions (continued)

Tenancy agreements between the Group and Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) (continued)

Panyu Agile is principally engaged in property development in Panyu District, Guangzhou in the PRC. Panyu Agile is indirectly and wholly owned by Agile Group Holdings Limited (雅居樂集團控股有限公司) ("**Agile Holdings**"), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange with stock code 3383. Agile Holdings is indirectly owned as to approximately 62.63% by Full Choice Investments Limited ("**Full Choice**"), a company incorporated in Hong Kong with limited liability. Full Choice is the trustee of a family trust, the beneficiaries of which are Mr. CHAN Cheuk Yin, who is the father of Mr. CHAN Sze Ming Michael, and Mr. CHEN Zhuo Lin, Ms. LUK Sin Fong, Fion, Mr. CHAN Cheuk Hung, Mr. CHAN Cheuk Hei and Mr. CHAN Cheuk Nam, who are the uncles and aunt of Mr. CHAN Sze Ming Michael (the "**CHEN's Family Trust**"). The board of directors of Full Choice comprises two of the beneficiaries of the CHEN's Family Trust. Besides, Agile Holdings is directly and indirectly owned as to approximately 7.85% by Mr. CHEN Sze Long, who is a cousin of Mr. CHAN Sze Ming Michael. In light of the association of the board of directors of Full Choice, Full Choice, Mr. CHEN Sze Long, Agile Holdings and Panyu Agile with Mr. CHAN Sze Ming Michael, Panyu Agile shall be as deemed connected persons of the Company.

In respect of the entering into the Tenancy Agreements which comprised of the Rental Payment thereof, it constitutes connected transaction for the Company given that each of the applicable percentage ratios in respect of the Rental Payment as the right-of-use assets under HKFRS 16, on an aggregated basis, is less than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, the transaction under the Tenancy Agreements is a de minimis transaction and is exempted from circular (including independent financial advice) and independent Shareholders' approval requirements under the Listing Rules.

In respect of the entering into the Tenancy Agreements which comprised of the Service Payment, it constitutes continuing connected transaction for the Company given that each of the applicable percentage ratios on an annual basis is less than 0.1%. Pursuant to Rule 14A.76(1)(a) of the Listing Rules, the transaction is a de minimis transaction and is fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under the Listing Rules.

Related Party Transactions

Details of the related party transactions undertaken in the usual course of business are set out in note 36 to the consolidated financial statements of the Group in this annual report. None of the related party transactions constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

Directors' and Controlling Shareholders' Interests in Transaction, Arrangement or Contract

Other than those transactions disclosed in note 36 to the consolidated financial statements of the Group in this annual report and in paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or an entity connected with a Director, or Controlling Shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2020.

Principal Risks and Uncertainties

Principal risks and uncertainties facing the Group include, among others, that:

- (i) the Group's business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (ii) the Group's business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (iii) the Group may not be able to acquire land in desirable locations that are suitable for the Group's development at commercially acceptable prices or at all;
- (iv) the Group may be subject to fines or sanctions by the PRC government if the Group fails to pay land grant premium or fails to develop properties according to the terms of the land grant contracts;
- (v) the Group's cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict the Group's future performance and price of the Shares; and
- (vi) the Group may not be able to obtain sufficient funding for the Group's land acquisitions and future property developments whether through bank loans or other arrangements on commercially reasonable terms, or at all.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in this annual report and the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's associates were not involved in and the Board is not aware of any non-compliance incidents that might materially adversely affect the value of the Company's interest in them.

Share Option Scheme

The Company approved and adopted the Share Option Scheme on 13 November 2019.

Details of the Share Option Scheme

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(e) Maximum number of Shares

- (i) Subject to sub-paragraph (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that the Company may grant options in respect of up to 160,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 160,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (iii) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such 1% limit must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to a Director, chief executive or substantial Shareholder, or any of their respective associates

- (i) Notwithstanding the aforesaid, any grant of an option to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his associates and all core connected persons of the Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders in the aforesaid manner.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(h) Restrictions on the times of grant of options

- (i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of the results for any year, half-year or quarterly under the Listing Rules, or other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement.

- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of the Company are published and:
- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with the Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not).

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by the Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or the creditors of the Company being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Act, the Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representative(s)) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("Suspension Date"), by giving notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises the Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;
- (iv) the date of the commencement of the winding-up of the Company;

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(t) Lapse of options (continued)

- (v) the occurrence of any serious misconduct, act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alternation to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(x) Termination to the Share Option Scheme

The Company by resolution in general meeting or by resolution of the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

Detail of the Share Option Granted

No option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2020.

Arrangements to Purchase Shares or Debentures

During the year ended 31 December 2020, there were no any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at 31 December 2020, the interest and/or short positions of the 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 SFO) which 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 interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations (continued)

Long position in the ordinary Shares of the Company

Name of Director	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust ⁽¹⁾	1,200,000,000	72.9%

Notes:

- (1) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO.
- (2) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 Shares as at 31 December 2020.

Interest in Associated Corporation(s)

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. LIU Huaxi	Beneficial interest	Zhongshan Jingyue	2.5% ⁽¹⁾

Note:

- (1) Mr. LIU Huaxi holds 50% interest in Zhongshan Yuelai, Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue. Zhongshan Jingyue was originally a subsidiary of the Company and became a joint venture of the Company since 30 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors or the chief executive of the Company had any interest or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning 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 which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Other than the Share Option Scheme, at no time during the year ended 31 December 2020 and up to the date of this annual report was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, 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. Save as disclosed in this annual report, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Substantial Shareholders' and Other Persons' Interest and Short Position in the Shares and Underlying Shares

Save as disclosed below, so far as known to the Directors and chief executive of the Company, as at 31 December 2020, the following persons or corporations (other than the Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust ⁽²⁾	1,200,000,000	72.9%
IQ EQ (BVI) Limited	Trustee of a discretionary trust ⁽²⁾	1,200,000,000	72.9%
Sze Ming Limited	Beneficial owner ⁽²⁾	1,200,000,000	72.9%
Ms. SHUM Wing Yin	Interest of spouse ⁽³⁾	1,200,000,000	72.9%

Notes:

- (1) All interests stated are long positions.
- (2) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO.
- (3) Ms. SHUM Wing Yin is the spouse of Mr. CHAN Sze Ming Michael, and is deemed to be interested in the Shares which are interested by Mr. CHAN Sze Ming Michael under the SFO.
- (4) The calculation is based on the total number of issued ordinary Shares of 1,646,173,000 shares as at 31 December 2020.

Equity-Linked Agreements

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 ended 31 December 2020 or subsisted as at 31 December 2020.

Tax Relief

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

Management Contracts

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

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

Neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2020.

Use of Net Proceeds from the Company's Initial Public Offering

The Company's Shares have been listed on the Main Board of the Stock Exchange since 5 December 2019. Net proceeds from the IPO and partially exercising the over-allotment option received by the Company (the "Net Proceeds") were approximately RMB1,201.1 million after deducting the underwriting commission and relevant expenses. As at 31 December 2020, all the Net Proceeds has been utilised for the purpose in accordance with the future plans and use of proceeds as set out in the Prospectus.

Intended use of Net Proceeds as stated in the Prospectus	Percentage of total amount	As at 31 December 2020		
		Net Proceeds <i>RMB in million</i>	Utilised amount <i>RMB in million</i>	Unutilised amount <i>RMB in million</i>
- the development costs for certain projects	60%	720.7	720.7 (132.1 used in JY Grand Garden, 145.3 used in JY Mountain Lake Gulf, 94.9 used in JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B)) and 348.4 used in JY Gaoligong Town, as stated in the Prospectus)	-

Directors' Report (Continued)

Intended use of Net Proceeds as stated in the Prospectus	Percentage of total amount	Net Proceeds <i>RMB in million</i>	As at 31 December 2020	
			Utilised amount <i>RMB in million</i>	Unutilised amount <i>RMB in million</i>
– acquisition of land parcels	30%	360.3	360.3 (325.8 used for acquiring nine land parcels in Tengchong, Yunnan province, 34.5 used for prepayments of acquisition of land use rights in Guangdong province)	–
– general working capital	10%	120.1	120.1 (used as intended)	–
Total	100%	1,201.1	1,201.1	–

Retirement Benefits Schemes

Details of the retirement benefits schemes participated by the Group are set out in note 10 to the consolidated financial statements.

Directors and Senior Management

Particulars of the Directors and senior management of the Company are set out on pages 40 to 44 of this annual report.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” in this annual report.

Audit Committee

The Audit Committee consists of three members, namely Mr. WU William Wai Leung, Mr. MA Ching Nam and Mr. LEONG Chong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. WU William Wai Leung who possesses appropriate accounting and related financial management expertise. The Audit Committee has considered and reviewed the Group's annual results for the year ended 31 December 2020, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2020 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the consolidated financial statements for the year ended 31 December 2020, including the accounting policies of the Group.

Employees and Remuneration Policies

As at 31 December 2020, the Group had a total of 1,033 employees (2019: 948 employees). For the year ended 31 December 2020, the Group has recognised staff costs of RMB158.3 million (2019: RMB166.6 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group was committed to cultivating all-level skilled employees. The Group provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group also engaged external experts to provide training courses for its employees from time to time. Details of the Share Option Scheme are set out in the section headed "Directors' Report – Share Option Scheme". The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans.

Basis for Determining Emoluments to Directors

Apart from taking into account the advice from the Remuneration Committee and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

Indemnity and Insurance Provisions

The Articles provide that the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

Significant Event After the Reporting Period

Issuance of US\$155,000,000 7.5% senior notes due 2022

On 8 February 2021, the Company issued 7.5% senior notes due 7 February 2022 in an aggregate principal amount of US\$155,000,000 (the “**2021 New Notes**”). The issue of the 2021 New Notes comprised of the exchange offer of the existing 2020 Notes amounting to US\$137,500,000 and completion of concurrent new money issuance amounting to US\$17,500,000. The 2021 New Notes were listed on the Stock Exchange on 9 February 2021.

Except the above, no significant events affecting the Group had occurred during the period from 31 December 2020 to the date of this annual report.

Public Float

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of the auditor will be proposed at the Annual General Meeting.

Distributable Reserves

As at 31 December 2020, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB2,070.8 million.

Environmental Policies

The Group is committed to implementing policies in environmental protection in order to conserve natural resources. The Group strives to minimise the Group's environmental impact through reducing electricity and water consumption and encouraging recycling of office supplies and other materials. The Group is also committed to ensuring that the Group is in strict compliance with the applicable environmental laws and regulations of the relevant jurisdictions.

As at 31 December 2020, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of the properties. During the year ended 31 December 2020 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Health and Safety

The Group is committed to the health and safety of our employees and provides a safe and effective working environment. The Group pledges full compliance with all occupational health and safety legislation. The Group values the health and well-being of the employees.

During the year ended 31 December 2020 and up to the date of this annual report, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC and Hong Kong laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC and Hong Kong, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC and Hong Kong laws and regulations.

Development and Training

The Group is committed to the professional and personal development and growth of employees and considers development and training as a continual process. The Group offers and encourages employees at all levels to participate in various internal and external courses in order to promote the advancement of their job-related skills. The Group's employees are provided with fair opportunities for adequate learning, training and promotions.

Relationship with Customers and Suppliers

The Group maintains a solid and steady relationship with its customers and provides products which satisfy their needs and requirements. The Group enhances the relationship by continuous interaction with customers to gain insights on market demand and consumer needs so that the Group could respond proactively. The Group also maintains a close relationship with its suppliers. This leads to a high degree of cooperative development and enables the Group to deliver the high-quality solutions as required and expected by the Group's customers.

Professional Tax Advice Recommended

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercised of any rights in relation to the Shares they are advised to consult an expert.

On behalf of the Board

JY Grandmark Holdings Limited

CHAN Sze Ming Michael

Chairman

Guangzhou, the PRC, 25 March 2021

Corporate Governance Report

The Company is committed to achieving a high standard of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2020.

Corporate Governance Practices

The Company has adopted the CG Code as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2020 and up to the date of this annual report.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2020.

The Board

Responsibilities of the Board

The Board is responsible for, and has general powers under the Articles for, the leadership and oversight of the Company's management and performance and the formulation and review of the Group's overall policies and strategies.

The Board is also responsible for performing corporate governance duties, including the (i) development and review of the Company's policies and practices on corporate governance; and (ii) review of the Company's compliance with Appendix 14 to the Listing Rules and disclosures in the corporate governance report. All major decisions, including but not limited to those decisions affecting the financial results, operations and Shareholders of the Company, such as financial statements, business acquisitions, major transactions and dividend policies, are made by the Board as a whole. Each Director is aware of his or her fiduciary duties and duties and responsibilities as a director under the Listing Rules, the CG Code and applicable laws and regulations, and has acted objectively for the benefit and best interest of the Company and its Shareholders.

Decisions of the Board are communicated to the senior management through executive Directors. The day-to-day management, administration and operation of the Group are delegated to the executive Directors and a senior management team. The senior management team is also responsible for the supervision and execution of the Group's business plans. The Board reviews periodically the performance of the senior management team.

Certain functions and responsibilities are delegated to committees established by the Board. For details, please refer to the paragraphs headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

The Board (continued)

Composition of the Board

As at the date of this annual report, the Board comprises six executive Directors and three independent non-executive Directors whose names are listed below. Each member of the Board brings a wide spectrum of valuable experience, knowledge and expertise to the Board for its efficient and effective functioning.

Executive Directors	Date of appointment
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	2 November 2018
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	24 May 2019
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	2 November 2018
Mr. WU Xinping	2 November 2018
Mr. XUE Shuangyou	2 November 2018
Ms. WEI Miaochang	24 May 2019
Independent non-executive Directors	
Mr. MA Ching Nam	13 November 2019
Mr. LEONG Chong	13 November 2019
Mr. WU William Wai Leung	13 November 2019

Save as disclosed in this annual report, there is no financial, business, family or other relevant relationship between the Directors.

During the year ended 31 December 2020, the Company has complied with the requirements of the Listing Rules to have at least three independent non-executive Directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Having considered the factors for assessing the independence of independent non-executive Directors under Rule 3.13 of the Listing Rules and the written annual confirmations from each independent non-executive Director, the Board considers all of its independent non-executive Directors to be independent.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Terms of appointment of Directors

Executive Directors

Each of the executive Directors has entered into a service contract commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting is adjourned, the adjourned meeting). The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Independent non-executive Directors

Each of the independent non-executive Directors was appointed by the Company for an initial fixed term of three years commencing from the Listing Date. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

The Board (continued)

Nomination, appointment, re-election and removal procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Articles. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

The Nomination Committee has been established on 13 November 2019 to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skill and experience appropriate to meet the requirements of the Company. This committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skill, prior experience, character and other relevant aspects including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies. Please refer to the paragraph headed "Nomination Committee" below for more details on the Nomination Committee.

Board practices and conduct of meetings

Directors are given the opportunity to include matters in the agenda for Board meetings with notices of regular Board meetings given or to be given at least 14 days in advance. Notices and agenda of the Board meetings are prepared by the company secretary of the Company as delegated by the chairman. Directors are provided with adequate and timely information to allow them to fulfill their duties properly. They are allowed to seek independent professional advice in appropriate circumstances at the Company's expenses.

Directors are encouraged to make a full and active contribution to the Board's affairs and to voice out their views and concerns. Directors are supplied with sufficient information and given sufficient time for discussion to ensure that Board decisions fairly reflect Board consensus.

A Director who to his or her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his or her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he or she knows his or her interest then exists, or in any other case, at the first meeting of the Board after he or she knows that he or she is or has become so interested. Subject to the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposals in which he or she or any of his or her close associates is materially interested.

Minutes of Board meetings and meetings of Board committees containing sufficient details of the matters considered and decisions reached, including any concerns raised or dissenting views express, are sent to each Director for their review, comment and records within a reasonable time after each meeting. The final version of such minutes is kept by the company secretary of the Company and is open for inspection by Directors upon reasonable notice.

The Board (continued)

Board and Board Committee Meetings

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the following year will be presented to all Directors in the last Board meeting such that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary assists the chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the company secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management including the company secretary, and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the company secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the company secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The company secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after the meetings is held.

The Board (continued)

Board and Board Committee Meetings (continued)

During the year, the Board held a total of four meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follows:

	Number of attendance/meeting(s) held in 2020				
	Board Meeting(s)	Audit Committee Meeting(s)	Nomination Committee Meeting(s)	Remuneration Committee Meeting(s)	Annual General Meeting
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	4/4	–	–	–	1/1
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	4/4	–	1/1	1/1	1/1
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	4/4	–	–	–	0/1
Mr. WU Xiping	4/4	–	–	–	0/1
Mr. XUE Shuangyou	4/4	–	–	–	0/1
Ms. WEI Miaochang	4/4	–	–	–	0/1
Mr. MA Ching Nam	4/4	2/2	1/1	1/1	1/1
Mr. LEONG Chong	4/4	2/2	1/1	1/1	1/1
Mr. WU William Wai Leung	4/4	2/2	1/1	1/1	1/1

All the executive Directors and independent non-executive Directors have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best effort to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing materials as well as other documents provided by the Company from time to time. The chairman met once with the independent non-executive Directors without the executive Directors present.

Chairman and President

Mr. CHAN Sze Ming Michael serves as the chairman of the Board. He is responsible for the overall strategic planning and business direction of the Group. With the support of the executive Directors and the company secretary, the chairman approves the agenda for, and chairs, Board meetings to ensure that all key and appropriate issues are discussed in a timely manner, including any matters proposed by other Directors. He is responsible for the effective functioning of the Board, including but not limited to taking steps to ensure that all Directors are properly briefed on issues arising at Board meetings, providing all Directors with adequate information which is accurate, clear, complete and reliable in a timely manner, communicating Shareholders' views to the Board as a whole and promoting a culture of openness and constructive debate during Board meetings.

Ms. ZHENG Catherine Wei Hong serves as the president of the Company. She is responsible for the execution of the strategic planning and general management of the Group.

Board Committees

Audit Committee

The Audit Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. The primary duties of the Audit Committee include (but without limitation): (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) monitor the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; (iii) oversight of the Company's financial reporting system, risk management and internal control systems; and (iv) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board. For the year ended 31 December 2020, the Audit Committee consists of three independent non-executive Directors, namely, Mr. WU William Wai Leung (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. MA Ching Nam and Mr. LEONG Chong. The written terms of reference of the Audit Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the year ended 31 December 2020.

Remuneration Committee

The Remuneration Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the CG Code. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board regarding our policy and structure for the remuneration of all of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. For the year ended 31 December 2020, the Remuneration Committee consists of one executive Director, namely Mr. LIU Huaxi, and three independent non-executive Directors, namely Mr. LEONG Chong (chairman of the Remuneration Committee), Mr. MA Ching Nam and Mr. WU William Wai Leung. The written terms of reference of the Remuneration Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Board Committees (continued)

Nomination Committee

The Nomination Committee was established on 13 November 2019 with written terms of reference in compliance with paragraph A5 of the CG Code. The primary duties of the Nomination Committee include (but without limitation): (i) propose a set of personal attributes to the Board; (ii) propose a set of procedures for processing nominations of candidates for the Board's approval; and (iii) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommend any proposed changes to the Board to complement the Company's corporate strategy. For the year ended 31 December 2020, the Nomination Committee consists of one executive Director, namely Mr. LIU Huaxi and three independent non-executive Directors, namely Mr. MA Ching Nam (chairman of the Nomination Committee), Mr. LEONG Chong and Mr. WU William Wai Leung. The written terms of reference of the Nomination Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Board diversity

The Company adopted a board diversity policy which sets out the objective and approach on the diversity of the Board on 13 November 2019 has been made available on the Company's website at www.jygrandmark.com. The Company recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance, and considers that Board diversity, including gender diversity, is a vital asset to the business. A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of directors of the Company and does not discriminate on the ground of race, age or gender. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, project investment and financial management. They obtained degrees in various majors including business administration, economic management, construction engineering and computer science. The Board currently consists of two female Directors. It has three independent non-executive Directors with different industry backgrounds, representing one third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 32 years old to 68 years old. Taking into account the Company's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members. It will review the board diversity policy from time to time to ensure its continued effectiveness and the Company will disclose in its corporate governance report about the implementation of the board diversity policy on an annual basis.

Remuneration of Senior Management

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by bands:

	2020
Nil to RMB1,000,000	0
RMB1,000,001 to RMB1,500,000	3
RMB1,500,001 to RMB2,000,000	1
RMB2,000,001 to RMB2,500,000	0
	4

Model Code for Securities Transactions

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2020.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the year ended 31 December 2020.

Directors' Responsibilities for Financial Reporting

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

Use of Proceeds from the Initial Public Offering

Details of the use of proceeds from the initial public offering are set out in the section headed "Directors' Report – Use of Net Proceeds from the Company's Initial Public Offering".

Going Concern

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the Shareholders through the optimisation of the debt and equity balance.

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

Accountability and Audit

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2020 which give a true and fair view of the state of affairs of the Company and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Company about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

Information Disclosure

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Company has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Company. The framework and its effectiveness are subject to review by the Board on a regular basis.

External Auditor and Auditor Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed "Independent Auditor's Report" in this annual report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

The amount of fees charged by the Company's external auditor, PricewaterhouseCoopers, in respect of their annual audit services and non-audit services for the year ended 31 December 2020 amounted to approximately RMB3.7 million and RMB0.8 million, respectively.

The Company Secretary

The company secretary of the Company plays a role in supporting the Board by ensuring good information flow within the Board and also that Board policy and procedures are followed. The company secretary of the Company is responsible for advising the Board through the chairman and/or the president on corporate governance matters and should also facilitate induction and professional development of Directors. Specific enquiry has been made to the company secretary of the Company, Ms. WAI Ching Sum ("Ms. Wai"), and Ms. Wai has confirmed that she has complied with the relevant qualifications, experience and training requirements under the Listing Rules.

Directors' and Officers' Liability Insurance

The Company has arranged directors' and officers' liability insurance for its Directors and senior management. The insurance covered the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of the Group's operation.

Directors' Training

According to the code provision A.6.5 of the CG Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All the Directors are also encouraged to attend relevant training courses at the Company's expenses.

Each of the Directors have attended trainings conducted by Jingtian & Gongcheng on 17 April 2020 on the legal matters in relation to listed company and lu, Lai & Li Solicitors & Notaries on 10 December 2020 on the ongoing obligations of listed company and its directors pursuant to the Listing Rules. The Company Secretary maintains proper records of training attended by the Directors.

Investor Communications and Shareholders' Rights

The Company considers timely communication to Shareholders and/or investors and transparent reporting as key components of good corporate governance. The Company aims to maintain frequent and timely communication with its Shareholders and/or investors through a variety of communication channels, including but not limited to general meetings, annual and interim reports and official announcements. General meetings provide a platform for Shareholders to exchange views with the Board and the Directors are available to answer questions at the Company's annual general meetings. Shareholders will be sent a copy of the annual and interim reports or be notified of the release of such reports. Annual and interim reports are accessible on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jygrandmark.com, where general information on the Group's business and activities is available for public access. Official announcements will be released from time to time in accordance with the Listing Rules to update our Shareholders and/or investors with the latest developments of the Group.

Voting of general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on both the website of the Stock Exchange and the Company. Pursuant to Clause 58 of the Company's existing Articles, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings may deposit a written requisition (the "Written Requisition") to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Written Requisition. Such meeting shall be held with two months after the deposit of the Written Requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders and investors are also welcome to submit any enquiries to the Board and suggestions or proposals at general meetings directly to the Company's principal place of business in Hong Kong as provided in the section headed "Corporate Information" in this annual report, or to the Company secretary of the Company by email at ir@jygrandmark.com.hk.

The Board also encourages Shareholders to attend general meetings to make enquiries with the Board directly.

Constitutional Documents

The Memorandum and the Articles have been conditionally adopted on 13 November 2019 with effect from the Listing Date. During the year ended 31 December 2020 to the date of this annual report, there has not been any change in the Memorandum and the Articles.

On 25 March 2021, the Board proposed to amend the Articles. The proposed amendments to the Articles will be subject to the approval of Shareholders in the upcoming AGM.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Group's risk management and internal control system includes a clear organisational structure, defined lines of responsibility and segregation. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving the strategic objectives, also monitors the establishment and maintenances of appropriate and effective risk management and internal control system. The management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system. Such risk management and internal control system is designed to manage rather than eliminate the risk of failure in achieving business objectives, and it can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

1. Establishment of a risk management system and structure:

The Group established the risk management system structure at the group level in 2019 to determine the risk management procedures and facilitate the enhancement of internal risk management culture. During the year, the Company continued to improve the risk management system structure to guide the group risk assessment work and ongoing risk monitoring activities through the following measures based on the work accomplished in previous years:

- ✓ **Determine and reaffirm the risk management organisational structure:** The Group has regulated a risk management organisational structure and divided the risk management responsibilities, setting out clear responsibilities of the management and respective department on risk management and the risk information reporting line and frequency. The major features of the risk management organisational structure include clear segregation of responsibilities and specific communication mechanism. The following table illustrates the roles of respective party in the risk management organisational structure:

Role	Major Responsibility
The Board (the highest decision-making party of the risk management structure)	<ul style="list-style-type: none">■ Evaluate and determine the nature and acceptable extent of risks to ensure that the strategic objectives can be achieved■ Ensure the establishment and maintenance of the effective risk management and internal control system■ Supervise the management in the designing, implementing and monitoring of the risk management and internal control system

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system and structure: (continued)

✓ Determine and reaffirm the risk management organisational structure (continued)

Role	Major Responsibility
The Audit Committee (the highest decision-making party of the risk management structure)	<ul style="list-style-type: none"> ■ Consider and formulate the risk management framework; identify, analyse, evaluate and determine the risks faced by the Group; systematically organise, mitigate and monitor risks to identify and handle the risks faced by the Group, including but not limited to strategic, financial, operational, legal and regulatory risks ■ Review and assess the effectiveness of the Group's risk management framework (including the risk management plan, risk management system and the internal audit function in relation to risk management) ■ Constantly monitor the scope of risk management system and the other providers of assurance ■ Monitor the frequency of the occurrence of material control default or discovery of material control weakness, and the extent to which they have resulted in unforeseen and emergent outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition ■ Report any significant risk management issues to the Board and suggest solutions
Senior Management (the risk management work leading team)	<ul style="list-style-type: none"> ■ Review policies and mechanism related to risk management of the Group on a regular basis ■ Supervise the implementation of risk management within the Group, review the evaluation report on risk management work and risk management assessment report regularly ■ Provide risk management advice for significant decision and review targeted measures proposed by the execution party of the risk management structure ■ Responsible for reporting and disclosing significant risk information to the Audit Committee

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system and structure: (continued)

✓ Determine and reaffirm the risk management organisational structure (continued)

Role	Major Responsibility
Company Secretarial Department	<ul style="list-style-type: none"> ■ Concurrently follow the disposal of significant risk emergencies, prepare a conclusion report and report to the Audit Committee ■ Deal with other affairs associated with risk management as authorized by the Board or the Audit Committee
Internal Audit Department	<ul style="list-style-type: none"> ■ Coordinate the commencement of risk identification and assessment work ■ Act as the risk management supervisory body, responsible for overseeing risk management works performed by the Group and the branches in different cities ■ Organize the preparation of regular risk assessment reports and present summary reports to the risk management work leading team ■ Organize and coordinate risk management trainings and guidance
The Group's headquarters/ Management of respective departments and the branches in different cities (the execution party of the risk management structure)	<ul style="list-style-type: none"> ■ Update the risk exposure list of operations on a regular basis, and conduct relevant works such as risk identification and evaluation ■ Formulate and implement risk response plan for operations ■ Monitor and control various risk exposures in operations, and report risk information to the risk management coordinator and the risk management work leading team in a timely manner

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system and structure: (continued)

- ✓ **Update the risk assessment criteria:** Based on changes in the internal and external environment during the year, the Group has updated the risk assessment criteria applicable to the Company according to the nature, business characteristics and strategic objectives of the Group and respective business segments and the risk appetite of the management. The risks that are most likely to affect the achievement of the objectives have been assessed using commonly recognised assessment methods and assessment criteria.
- ✓ **Determine and regulate the workflow for risk management work:** The Group has established the risk management procedures (please refer to Figure 1: Risk Management Procedures), with major steps including identification, assessment, investigation and response, supervision and improvement, so as to systematically manage, mitigate and control risk exposures. By mainly considering the operating goals of the Group and different business segments, the Group identifies risk factors affecting the achievement of such operating goals. The Group also evaluates possibilities and potential impacts of each specific risk, adopts specific measures in response to risk exposures identified, and constantly supervises and evaluates changes in risk exposure and adjusts the response measures in a timely manner.



Figure 1: Risk Management Procedures

- ✓ **Determine the frequency of risk management review:** The frequency of evaluation and report on risk management of the Group is determined (at least once every year). The aforesaid key elements standardised the format and frequency of reporting through the Risk Management Manual of JY Grandmark Holdings Limited.

Risk Management and Internal Control (continued)

Risk Management (continued)

2. Risk evaluation conducted by the Group in 2020

During the year under review, the Group's management continued to deepen its risk management efforts and updated the risk assessment criteria and risk database for the year based on the external market environment, changes in the internal business environment, business development and risk appetite of the Company, and also adopted a systematic approach to evaluate the nature and extent of the significant risks faced by the Group, as well as updated the assessment and conducted an analysis on the existing control over the top ten risks for 2020. The Group has identified the department that is responsible for addressing the risks, measures to be adopted and the solution for improvement, and has reported the assessment result and implementation of control measures to the Audit Committee. The Audit Committee reviewed and assessed the changes in the nature and extent of significant risks on behalf of the Board, and completed the review of the risk management system and considered the risk management system effective and sufficient.

Internal Audit

JY Grandmark has independent audit functions in place with unrestricted access to corporate information, directors and employees, that report directly to the Audit Committee of the Group on a regular basis. For the year ended 31 December 2020, the internal audit functions have formulated an audit plan that focuses on areas with higher risks. The management has formulated remedial plans for loopholes and inadequacies identified during the internal audit, and the internal audit functions have made regular follow-ups to ensure timely implementation of the remedial measures. The internal audit functions have reported and updated the reviewed results to the Audit Committee.

Summary of the Review and Effectiveness on Risk Management and Internal Control Systems

During the year, the Board conducted a comprehensive review over the effectiveness of the risk management and internal control system of the Group through the Audit Committee. The scope of the review covered the Group and the major business segments, primarily focusing on review of controls over all major aspects, including financial control, operating control and compliance control. Accordingly, the Board is of the view that the Group has complied with the provisions on risk management and internal control as stipulated in the CG Code and considers the risk management and internal control system effective and sufficient.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Group as required for accounting, financial reporting and internal audit functions as well as its staff training programs and budget and confirmed the adequacy of the same.

Environmental, Social and Governance Report

About This Report

This report is the second Environmental, Social and Governance Report (the “Report”) of the Group, which is intended to give a true picture of the Group’s performance of environmental, social and governance (“ESG”) responsibilities in 2020.

Reporting Scope

This Report covers the period from 1 January 2020 to 31 December 2020 (the “Year”). Unless otherwise stated, this Report mainly focuses on the ESG management issues related to the core businesses of the Group.

Reporting Guideline

This Report is prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 of the Listing Rules. The Group takes “Materiality”, “Quantitative”, “Balance” and “Consistency” principles as the disclosure basis, and responds to the said principles in the preparation, making sure that the Report presents the ESG issues the stakeholders focus on and the content is clear, quantitative and comparative.

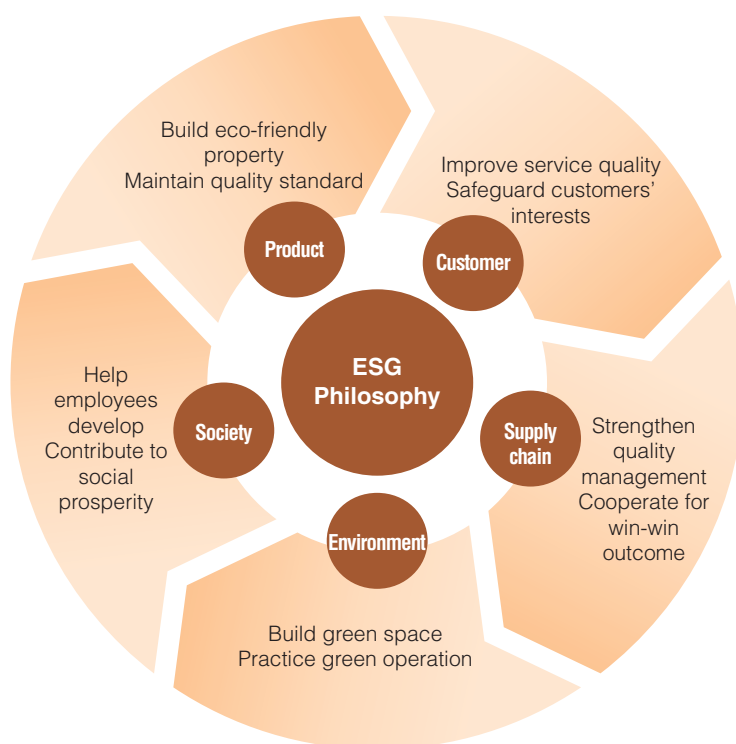
Principle		Response of the Group
Materiality	The report should cover scopes that reflect the significant impact of the entity on the economy, environment and society, or substantially affect the assessment and decision of stakeholders.	The Group identifies current materiality issues after considering its development strategy and industry and business conditions, and communicating with stakeholders.
Quantitative	Key performance indicators of historical data set out in the report should be measurable to assess and verify the performance. Quantitative information should contain explanatory notes to disclose the purpose and the impact, and provide comparative data when appropriate.	The Group has made quantitative disclosure about the information of key performance indicators of the Year, and provided explanations in writing, to help stakeholders to get a clear picture of the Group’s overall performance.
Balance	The information set out in the report should reflect positive aspects and negative aspects of the reporting entity, for the purpose of reasonably assessing the overall performance.	The Report elaborates the achievements the Group has made and the challenges it is faced with, and discloses the relevant quantitative information, to facilitate the reasonable analysis and comparison.
Consistency	The report should adopt consistent methods to disclose the information, to help stakeholders to analyse and assess the entity’s performance at different time points. The entity should explain about any change of methods.	The Group discloses the current and historical key performance indicators and information of different scopes, to help stakeholders to make a comparison of the performance.

Sustainable Development Governance

ESG Management Philosophy

Upholding the development principle of sustainability, the Group incorporates the sustainable development management into the strategic planning and business operation, continuously improves the capability of managing matters related to sustainable development and the performance in this regard, and strives to be a responsible and accountable real estate enterprise.

Facing the challenge of COVID-19 in 2020, we deeply realise that the stability of enterprises and society stems from the coordinated development of economy, society and environment. Looking ahead, we will devote ourselves to improving the capability of sustainable development, steadily creating environmental and social benefits, and playing a role to add luster to the construction of Beautiful China.



The Board of the Group assumes the top management function in the ESG work, being responsible for supervising the adjustment and implementation of the Group's ESG management strategy and ensuring the effective operation of the ESG risk management and internal control system. In the meantime, the Board and the senior management are responsible for assessing issues related to sustainable development and providing guidance in this regard, listening to reports about the Group's sustainable development, reviewing and approving the annual ESG report. Relevant functional departments of the Group are responsible for implementing specific works under the ESG strategy, collecting relevant quantitative indicators and information on regular basis to provide basic information to the Board and the management for reviewing ESG management.

Sustainable Development Governance (continued)

Communication with Stakeholders

The Group believes that the engagement of stakeholders can help an enterprise to improve the sustainable development capability and contributes to the win-win situation and the harmonious development. The Group values and continuously improves the communication mechanism with stakeholders such as the government, investors, shareholders, customers, suppliers and employees, listens to constructive suggestions of each party, and take these suggestions as the basis to promote the sustainable development concept further and to seek long-term cooperation and development.

Category of Stakeholders	Concerns and Expectations	Communication and Response
Government and regulatory authorities	<ul style="list-style-type: none"> • Implementation of national policies • Compliance with the laws and regulations in the course of business • Project cooperation 	<ul style="list-style-type: none"> • Operating in accordance with laws and regulations • Responding to relevant national policies • Accepting investigation and supervision
Investors and shareholders	<ul style="list-style-type: none"> • Financial performance • Protection of rights and interests • Corporate transparency • Risk control 	<ul style="list-style-type: none"> • Improving profitability • Convening shareholders' meetings • Duly disclosing routine information • Improving internal control and risk management
Customers	<ul style="list-style-type: none"> • Product and service quality • Maintenance of communication and stable relationship • Customer information protection • Responsible marketing 	<ul style="list-style-type: none"> • Improving product and service quality • Improving the customer service system • Establishing the customer communication mechanism • Strengthening information security construction
Employees	<ul style="list-style-type: none"> • Protection of employees' legitimate rights and interests • Promoting employees' development • Focus on employees' health and safety • Listening to the voice of employees 	<ul style="list-style-type: none"> • Improving the remuneration system and the benefit and security system • Improving the career promotion mechanism • Implementing the health and safety management system • Establishing the multi-channel communication platform
Suppliers and partners	<ul style="list-style-type: none"> • Cooperation in good faith • Win-win cooperation • Fairness and justice 	<ul style="list-style-type: none"> • Review and evaluation • Building a responsible supply chain • Facilitating daily communication
Industrial associations and media	<ul style="list-style-type: none"> • Compliance with industry norms • Promoting industry innovation • Transparent and open information 	<ul style="list-style-type: none"> • Participating in industry seminars • Improving the information disclosure mechanism • Improving the public opinion and feedback mechanism
Community	<ul style="list-style-type: none"> • Supporting community charity • Caring for the poor 	<ul style="list-style-type: none"> • Actively participating in social charity activities • Supporting poverty alleviation and helping those in difficulties

Sustainable Development Governance (continued)

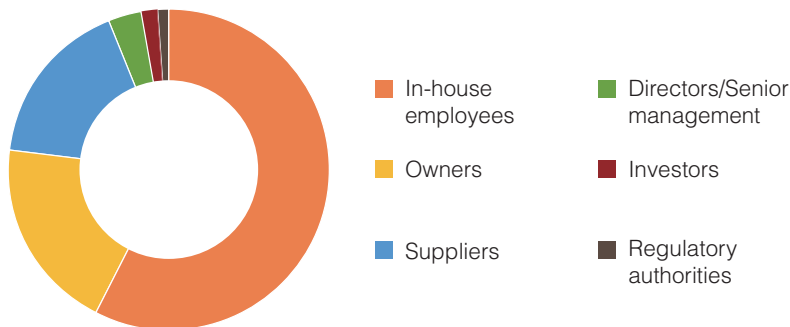
Materiality Assessment

Assessment Process



Stakeholder Survey

The survey of 2020 covers six categories of stakeholders: the management, in-house employees, investors, suppliers, owners and regulatory authorities.

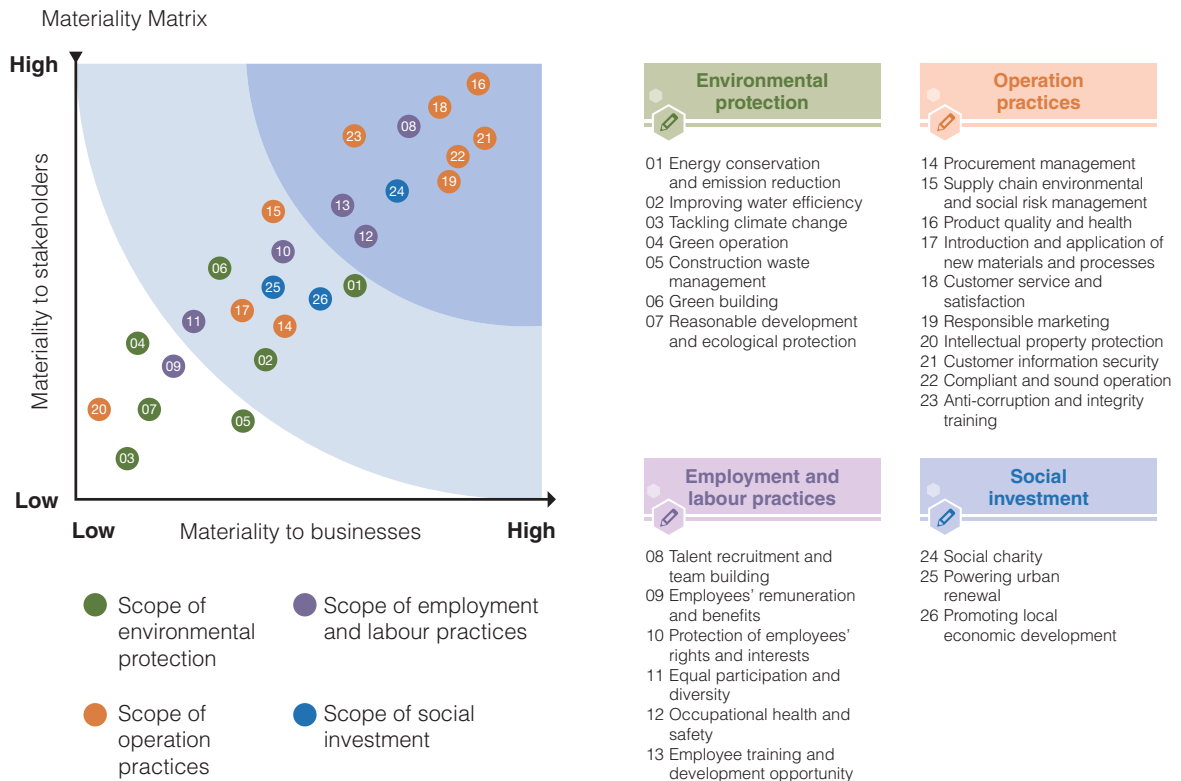


Sustainable Development Governance (continued)

Materiality Assessment (continued)

Stakeholder Survey (continued)

Below are the results of materiality assessment for 2020:



The results of materiality assessment for the Year show that stakeholders continuously focus on the Group's work in the aspects of compliant operation, employment management and social contribution. In the Report, the Group will further disclose the latest progress in these aspects, and take them as important reference for the ESG management in the future. In the meantime, we will strengthen communication with stakeholders to continuously improve the performance.

Present Eco-friendly and People-oriented Property with Ingenuity

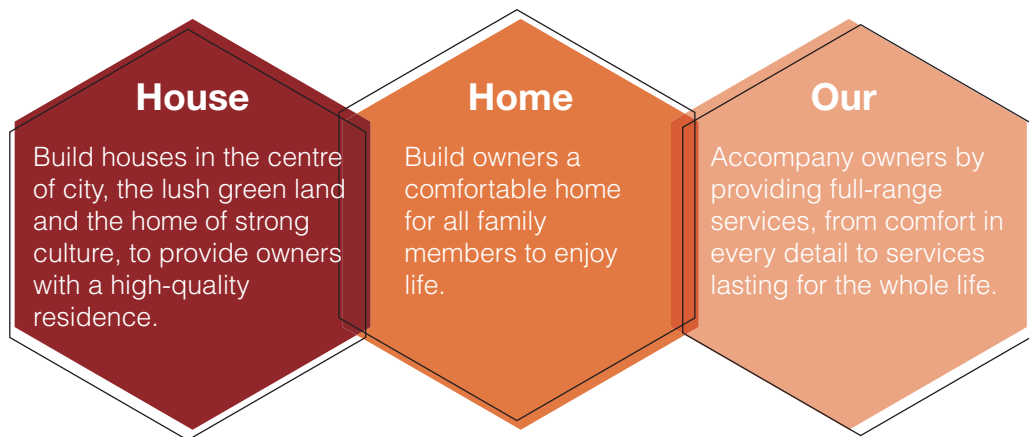
Upholding the positioning of eco-friendly and people-oriented property developer, the objective of building prime products and the spirit of “infinite ingenuity”, the Group maintains high-standard quality control, and actively explores the application of new materials and technologies to build high-quality communities for millions of families.

Build Eco-friendly and People-oriented Products

The real estate industry transformation now has an urgent requirement for developing eco-friendly and people-oriented properties, which is also the inevitable choice for realising the goal of building environmentally-friendly and resource-conserving society. The Group actively promotes the concept of eco-friendly and people-oriented property, fulfills the mission of constructor of modern cities, and provides millions of families with eco-friendly and humanistic residence that harmonize with everything.

H2O Philosophy

The Group builds the high-quality life service with the philosophy that “the highest excellence is like water”, strives to achieve eco-friendly and people-oriented property development that is in harmony with everything and create the green and humanistic benchmark in cities with originality, and constructs the splendid beauty of life in the place of square inch with sophisticated details and exquisite designs blended with the nature.



Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Product Design



Location

Make investigation of the development directions of cities; prefer the natural environment that best fits the humanistic residence in every city, rather than taking location as the primary standard; mountain, water, forest and oxygen are the essentials of high-quality humanistic residence.

— *the mountain, the river, the forest, the sea, the valley, the bay, being close to the nature*



Design

Select design teams that match the projects with the hope of building practical, original, inspiring, aesthetic and naturally artistic residence, and focus on every detail that connects with humanity and comfort, to bring owners the utmost comfort experience.

— *works of masters that share the same ideal and belief*



Detail

Consider the specific living habits of urban people, and devote particular care to every detail in the space, dimension and activity line from the perspective of family, to create the most comfortable living space.

— *comfortable home with attentiveness in everywhere*

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Cases

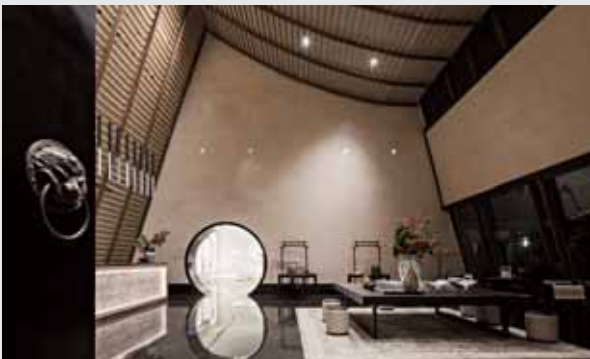
Maofeng Town: Alliance between Giants to Build the New Culture & Tourism IP

JY Maofeng Town is an “Eco-friendly and People-oriented Property” the Group builds in Guangzhou, with the purpose of creating another name card of Guangzhou that integrates culture & tourism, cultural creativity, vacationing and health nursing functions. In the field of cultural creativity, the Group collaborates with Yangcheng Evening News Group to build the Art Base of Yangcheng Evening News Art Institute (羊城晚報藝術研究院藝術基地), bringing rich and colorful humanistic culture experience to the project.



Gaoligong Town: Tranquil Courtyard in the Border Town of Han Culture

Seated in Qushi Town, Tengchong, Yunnan Province, JY Gaoligong Town is facing Gaoligongshan Nature Conservation and embraced by 88 natural hot springs and a rape flower sea covering 10,000 mu. The project manifests the beauty of Chinese courtyard with the design concept that displays the glorious and magnificent mountains, the crystal and gentle water and the delightful and artistic courtyard.



Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Promote Prime Projects with the Quality Concept

In addition to the unified criteria of the industry, the Group adopts a professional technology review system that has higher requirements than the industry standard to guarantee the engineering quality of each project. During the Year, all projects of the Group implemented the relevant regulations of local governments, and actively promoted the construction site of work safety and civilised construction which received recognition from local governments. JY Mountain Lake Gulf Phase I in Zhuzhou City won the honour of “Zhuzhou Outstanding Construction Award” (「株洲市建設工程神農獎」), and JY Grand Garden in Yingde City won the honour of “Qingyuan Model Construction Site of Work Safety and Civilised Construction for Housing and Municipal Projects” (「清遠市房屋市政工程安全生產文明施工示範工地」).

Construction of Quality Control System

Quality Standard

The Group sticks to the belief that quality is the core competitiveness, and adheres to the primary principle that “quality comes first” on the basis of complying with laws, regulations and industry standards. It formulates and implements the quality management system with the Project Management Manual serving as the core, realising standardised processes and procedures to ensure owners live happily without any worry.

Leading by Model

To avoid engineering quality issues and implement the Construction Model Management Measures (《施工樣板管理辦法》) issued by the Group, the Group’s Engineering Centre conducts comprehensive assessment on the project construction plan and promotes the “Construction Model Management System” (「施工樣板管理制度」), improving the construction quality and significantly reducing rework rate. In the meantime, the Group promotes the “Model House for Construction Craftsmanship” (「工程實體工藝樣板房」) to all projects delivered with refined decoration, showing every process clearly, from masonry building, plastering to electricity and plumbing installation, and getting widely recognised in the industry.



Construction Model Management System



Construction Model Management System

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Construction of Quality Control System (continued)

Systematization of Quality Management

To promote the quality management system and strictly control the project quality, the Group requires all projects to incorporate the creation of model construction site into the contracts, and ask construction sites to ensure safe and civilised construction according to the standard of model construction site and the requirements of local governments. The Engineering Centre organises quarterly inspections to conduct comprehensive construction inspection over all projects under development, and urges the rectification measures to address issues identified, thus eliminating potential quality risks in a timely manner. In addition, all departments of the Group reach a common understanding, organise employees to visit local outstanding projects to improve the awareness of maintaining high-standard safe and civilised construction and building model construction site and to learn the management experience from these outstanding projects.

In the material and equipment quality management, the Group pays close attention to the site inspection of materials and equipment. Before entering the site, every material must go through the three-level quality inspection of the construction entity, with the third-party supervision entity witnessing the sampling inspection, and then is delivered to the engineering department for further review after the qualification certificate is issued. The material can enter the site only when the material quality inspection verifies that it is 100% qualified.

In the process of acceptance and delivery, which is another key link, the Group focuses on details and strictly controls the delivery quality. In the whole process of acceptance, the Group implements the “one record for one unit system” (「一戶一檔制」) for the property delivered. It makes sure that every unit delivered at least goes through the three-level acceptance of construction entity, the Engineering Centre and the Property Management Centre, meticulously controls every inspection detail and maintains high-level quality control in the comprehensive acceptance.

Quality Training

The Group’s engineering teams deepens the research, study and promotion of quality control, provides special trainings to quality control specialists, and offers continuous guidance to employees for consolidating the professional knowledge, improving work methods and construction supervision, thereby guaranteeing the operation efficiency and the quality of projects.

JY Engineering Series Lecture – Sharing Session on Foundation Pit Technology and Support

On 17 March 2020, the Group held the Sharing Session on Foundation Pit Technology and Support, detailing how to ensure the safety in construction of underground main structure and the safety of the environment surrounding the foundation pit, and setting clear requirements on the measures and methods for adopting temporary support, consolidation and protection to the foundation pit and for controlling underground water. 81 employees from the headquarters of the Group and each engineering department of branches participated in the training.



Sharing session

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Construction of Quality Control System (continued)

Quality Training (continued)

JY Engineering Series Lecture – Leakage Prevention Training

On 23 June 2020, the Group invited trainers to deliver lectures to employees from the headquarters of the Group and the engineering centre of each branch, explaining the key controlling points of leakage prevention work in the process of housing construction and showing the practical methods that have been proven by construction practices.



Engineering training

Intelligent Management

The intelligence of project management is a top priority of the Group. By introducing Mingyuan mobile quality inspection, mobile construction inspection system and remote monitoring technology, the Engineering Centre realises real-time monitoring of all projects, improves the project management efficiency and the detail control, and strongly support the safe construction at the same time.

During the Year, the Group focused on promoting the following intelligence projects:

- ✓ **Mingyuan mobile quality inspection and mobile construction inspection:** The Group actively promoted the use of Mingyuan APP in conducting mobile quality inspection and mobile construction inspection to achieve quality and safety monitoring. The system made the real-time information of project progress and quality and safety issues available, which can help the Group to conduct effective rectification and review and enable engineering staffs to engage in construction site safety and quality management conveniently via the mobile terminal. In the meantime, the Group enhanced the review of APP application, published the information of APP application within the whole organisation, and arranged special trainings to solve common problems in the process of APP application.
- ✓ **Remote monitoring technology:** The Group applied the remote monitoring technology to conduct construction site management, checking whether construction staffs wear protective equipment in a right way and having real-time information of the staffs' position, verifying the work safety and taking pictures of the site, and identifying the construction progress.

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Safe and Civilised Construction

The Group attaches great importance to safety management, and strictly follows the Measures for the Management of Safe and Civilised Construction (《安全文明施工管理辦法》) and the Six 100% System to supervise and inspect project construction and prevent safety risks.

- ✓ **Clarified safety responsibilities of each party:** The Group clarifies safety responsibilities of the construction entity, the supervision entity and the project owner in the project management. New cooperating entities should set clear standards on the safe and civilised construction in the award of contract and set down the relevant requirements in the contract. To ensure that the project will maintain the quality in the process of construction and the major responsibilities of safe and civilised construction are fully implemented, project managers of the new cooperating entities should pass the test organised by relevant departments of the Group and acquire the qualification before they take the job.
- ✓ **Identification of potential safety risks:** The engineering department of each project conducts safe and civilised construction inspections twice in every month, to eliminate potential safety risks in a timely manner. The construction entity is required to prepare the special emergency response plan according to characteristics of the project and organise emergency drills on regular basis, to improve construction staffs' safety awareness and emergency response capability.
- ✓ **Assessment and supervision:** The Group incorporates safe and civilised construction into the assessment of construction entity and engineering department. The Group's Engineering Centre conducts supervision and random inspection on regular basis, and investigates and affixes the responsibility of entities and individuals that fail to implement the standard. The Group promotes the supervision management system and requires the supervision entity to conduct on-site supervision to the process that is highly important and subject to significant safety risks.



Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Offer High-quality Services with the Customer-Oriented Concept

As the main force of customer services, the Group's property service centres and hotels are committed to improving customer satisfaction with professional services, providing the most caring services and building the best reputation.

Property Services

Epidemic Control

At the beginning of 2020, the outbreak of COVID-19 was a big concern for everyone, and the Group felt it was incumbent on itself to safeguard the safety of community members. It worked closely with the sub-district and the community, and steadily promoted works in all aspects including access control, order maintenance, disinfection of public areas and facilities, investigation and quarantine, and information dissemination and reporting. The Group and the Property Management Centre employed the smart cloud service technology to offer guidance and make deployment online and ensured that "there is no physical distance". In the meantime, the Group built the "Smart Community Epidemic Control Platform", realising access to real-time epidemic development, satisfying owners' living requirements online, and engaging experts to provide services including online epidemic consultation, psychological counseling and inquiry.

The property service personnel conducted disinfection work in office areas and communities in accordance with the State's epidemic control requirements, provided owners with disinfection pens for pressing the buttons of elevators, placed disinfection carpets at the entrances and exits, installed the face recognition temperature detection equipment, and leased robots to take the work of disinfection and patrol. All projects of the Group recorded zero infection since the outbreak of the pandemic, and the high-quality property services were widely recognised by owners during the epidemic control.



Property service personnel is conducting disinfection work



The property service centre is rewarded by a silk banner

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Property Services (continued)

Year of Property Service Quality Improvement

In 2020, the Group's property service centres promoted the campaign of improving service quality in all-round manner, which covered all projects of the Group, five operation modules and 103 quality improvement items. In addition to the comprehensive improvement of basic services, the Group's property service centres focused on the offering of signature and value-added services, took owners' requirements as the direction of service planning, cared about the community life of the elderly and children, strengthened the interaction with owners and put emphasis on co-management and co-governance. Key focuses of 2020 included the following four aspects:

- ✓ **Customer services:** Property service centres required employees to mind their dressing and manners, organised high-frequency scenario simulations, promoted 24-hour all-scenario and whole-process signature services with smile, proactivity and prompt actions.
- ✓ **Engineering services:** Property service centres organised home maintenance and equipment maintenance skill trainings, which covered the use of drugs and tools and the tool innovation, to improve the quality of engineering services.
- ✓ **Life services:** For some of the vacation projects, property service centres provided free ventilation and cleaning services. For the elderly owners of mature communities, property service centres provided free haircut and other life services.
- ✓ **Safety services:** Property service centres also focused on improving employees' firefighting skills during the Year, organised several firefighting related training activities and fire emergency drills.



Upgrading of service facilities



Training for improving service quality

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Property Services (continued)

Owner Satisfaction Survey

In the customer satisfaction survey of 2020, Zhuodu Property recorded a score of 82.6 for the overall satisfaction, which improved by 1.2 from the score of the prior year, and its safety services, engineering services and environmental services witnessed steady improvement from the level of the prior year. The property service centres will focus on the activity line of owners, take targeted measures to improve the basic services that are closely related to owners' interests, strengthen the awareness of proactive services, and solve difficult problems with positive attitudes.

Owner Complaint Channels and Improvement Measures

The Group's Property Management Centre attaches great importance to the management of owner complaint channels. In addition to the channels established in 2019, such as WeChat groups, QQ groups, Management Reception Day and owner hotline, the Property Management Centre adopted the online and offline integrated model during the Year: holding owner talks and promoting owner anonymous suggestion boxes for the offline channel; introducing WeChat Work to the online channel for online interactions and online repair reporting.

The Group's Property Management Centre pays continuous attention to owners' complaints, and the major improvement measures adopted in 2020 included:

- ✓ **Adding the accountability mechanism for complaint processing:** Basing on the existing mechanism, the Group added the closed-loop accountability mechanism to improve the complaint processing rate, stressing that for an owner's complaint from whatever channel, the first employee who handles the complaint must track the whole process, urge the progress until the improvement has been made and the case is closed; otherwise, the employee will be held accountable.
- ✓ **Specifying the time limit of complaint processing:** The Group's Property Management Centre emphasised "speedy" services, specified the time limit for each level to process various types of complaints, and required prompt responses, to improve the complaint processing efficiency and the owner satisfaction.
- ✓ **Strengthening complaint processing training and case study:** The Group engaged external experts to offer employees regular trainings on complaint processing skills and capabilities, summarize common complaint issues, establish a case base and conduct special study and analysis on typical cases, thereby improving the complaint processing efficiency.

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Property Services (continued)

Owner Activities

To enrich the community culture and strengthen the communication between property service centres and owners and the exchange and communication among owners, property service centres launched the Mother's Day Activity, the Convenience Service Day and the Mid-Autumn Festival Celebration Activities in 2020. Owners actively participated in these activities and had precious memories in these important festivals.

“May of Love, Blessings to Mothers” Theme Activity

From 9 May to 10 May 2020, employees of the property service centre of JY Lychee Town sent carnations to female owners as the Mother's Day was around the corner. Employees also sent gifts to families who shared works or blessings or pictures with their mothers with the WeChat official account of the community.



Mother's Day Activity

Convenience Service Day of JY Lychee Town

On 20 September 2020, the property service centre launched several convenience services to help with owners' life. Employees of the property service centre set up stalls in the community, offered owners a variety of services, including repairing small household appliances and cleaning electric bicycles, and promoted the waste sorting and civilised dog keeping.



Convenience Service Day

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Property Services (continued)

Owner Activities (continued)

“JY Lychee Town Reunion for Celebrating Two Festivals” Mid-Autumn Festival and National Day Activity

From 1 October to 7 October 2020, the property service centre organised Mid-Autumn Festival and National Day celebration series activities, including Mid-Autumn Carnival, open-air movie watching and appreciating the glorious full moon, thus improving the influence and attractiveness of property service centre and strengthening the harmonious communication between the property service centre and owners.



Mid-Autumn Festival and National Day Celebration

Hotel Services

Upholding the “customer-centric” concept, hotels of the Group serve customers with sincerity and pragmatic approach, accurately identify customers’ needs, listen to customers’ suggestions, track the services for timely feedback, and strive to provide customers with high-quality and diversified services. During the epidemic, the Group’s hotels strictly implement the State’s epidemic control system and prioritise the health and safety of employees and customers over everything.

Epidemic Control of Hotels

To safeguard the health and safety of customers and employees, all hotels of the Group follow the State’s epidemic control requirements, implement strict epidemic control measures, and firmly hold the baseline of zero infection. During the pandemic, employees of the hotels conducted comprehensive disinfection to all areas every day and strengthened the hygiene inspection. Receptionists all wore masks, offered guidance to customers visiting Guangzhou to declare health information, and reported the cases when special customers checked in. The lounge offered hand sanitizer and disinfectant in designated areas, and assigned employees to help customers to do the disinfection.

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Hotel Services (continued)

Improvement of Customer Service Quality

During the Year, the Group's hotels sought for even greater improvement of customer service quality and improved customer experience with the service concept of innovation, attentiveness and timeliness. We diversified the feedback channels for different customer groups, tracked customers' requirements through active inquiry, and solved difficult problems that customers raised via the reception centre and the complaint hotline as soon as possible. In addition, we further promoted service trainings for employees to improve employees' overall quality and service capability and continuously enhance the overall service level.

Service Trainings for Employees

In June 2020, the Human Resources and Administration Department of the hotel segment organised two batches of service quality theme trainings for employees and the frontline management of hotels, helping employees to understand and practice the requirements and standard operation of high-quality hotel services through role playing, questions and answers, simulations and video watching, thus further improving the service quality.



Service training for employees

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Customer Information Protection

Protecting customers' personal information is a key task the Group attaches great importance to. The Group develops and implements strict regulations for customer information protection and stays vigilant at all time, to make sure that customers have high-quality and secure experience.

Management of Customer Information Security

To protect the interests of the Company and improve customer experience, the Marketing Centre of the Group has adopted the following measures for protecting customer information and maintaining security in 2020:

- ✓ **Managing by system:** The Group strictly controls and properly manages documents containing customer information; marketing personnel cannot display the customer information book at will; the Group will impose a fine and investigate the management responsibility once such an act is noticed;
- ✓ **Managing the authority:** The Group's Marketing Centre strengthens the authority of management personnel to have access to customer information and implements the principle of delegating exclusive administration rights to designated persons, to reduce the access of non-essential personnel on the condition that the execution of operation personnel can be guaranteed and expand the scope of customer information protection. The Marketing Centre transfers the original paper registration of customer information for some projects to the mobile marketing terminal, and arranges designated persons to input the information to the system. Through multi-level management and systematic processing, it reduces the information flow and the leakage risk caused by paper registration.
- ✓ **Supervising the management:** The Group's Marketing Centre conducts inspections on regular basis, requiring marketing personnel to implement strict system document management and strictly control the circulation of passwords and paper documents. In the meantime, unused materials must be destroyed as soon as possible, and materials related to customer information must not be displayed at will.

Owner Information Security Management

On the basis of the Document Management Measures and the Information Management Guide developed in 2019, the Group's Property Management Centre pays close attention to the privacy of owners and customers and adopts the following improvement measures:

- ✓ **Adding qualification requirements to document management personnel:** The centre further clarifies the qualification requirements of document management personnel, selects appropriate candidates from multiple dimensions such as the length of service, the character and professional skills. For instance, the candidate must be working for over one year before engaging in the document and information management.

Present Eco-friendly and People-oriented Property with Ingenuity (continued)

Customer Information Protection (continued)

Owner Information Security Management (continued)

- ✓ **Refining the hierarchical mechanism for information use:** Basing on the existing mechanism, the centre specifies the borrowing, using and copying requirements for different types of information, materials and documents, and requires employees to use the relevant information according to the different authority approved. The information related to owners' privacy must not be borrowed or copied before receiving approvals from both the project leader of property service centre and the leader of customer service department.
- ✓ **Strengthening and introducing the supervision and punishment mechanism:** The centre strengthens the supervision, establishes the punishment mechanism, reviews every link in the use of information and document on regular basis, and imposes punishments according to the relevant standard once it identifies non-compliance.

Responsible Marketing

The Group further advanced the construction of marketing standardisation system in 2020, improved the marketing management system, and promoted the system to marketing leaders of each project and after-sales service personnel and offered them relevant trainings. It set rules on the daily standard-compliant marketing operation, intervened into the project operation, and reviewed the implementation of each project afterwards, to ensure the implementation of compliant marketing. In the meantime, the Group organised special trainings for marketing capability improvement, to further strengthen the professional ability of the marketing team, thus contributing to the rapid business development.

Marketing Seminar – Sharing Sessions on Improving Professional Ability

Focusing on the brand power, the power of product and the power of marketing, the Group's Marketing Centre organised marketing sharing sessions from May 2020, helping employees to understand the Group's brand and core values, learn the internal system requirements and work standards about marketing, sales centre services and after-sales services, therefore fully implementing the responsible marketing.



The marketing seminar

Build a Better Future Together with Employees

The Group strictly follows the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, improves the internal human resources management system, protects employees' legitimate rights and interests, builds a transparent career development platform, creates a work environment of equality, friendliness and teamwork, enabling employees to grow and make greater achievements together with the Group.

Employment Management

In 2020, the Group did not report any employment of child labour or forced labour. It will make investigations and promote the internal improvement once it notices that the candidate has false identity information or misreports the age or it discovers the employment of forced labour.



Recruitment Principles

Following relevant regulations of the State, building a standard and effective recruitment system and upholding the principles of equality, fairness and openness, the Group absorbs talents via the diversified recruitment model and attracts new members to the team to help the Group realise better and faster development.



Recruitment Channels

The Group recruits outstanding talents via mainstream recruiting websites, such as 51job, Zhaopin.com, liepin.com, BOSS Zhipin and 58.com, and adopts multiple approaches including internal referral, headhunting and campus recruitment, to strengthen the talent team and bring new energy to the development.



Diversified Employment

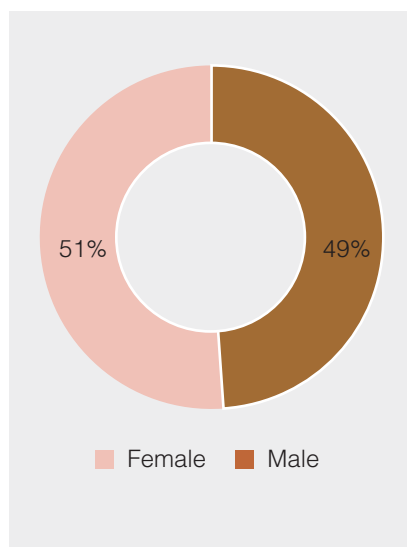
The Group regards diversity and inclusiveness as the key factors of internal development and adheres to the management requirements of frontline employee diversity, leadership diversity, and no bias of the leadership, and maintains an atmosphere of equality, unity and aggressiveness to realise long-term development.

Build a Better Future Together with Employees (continued)

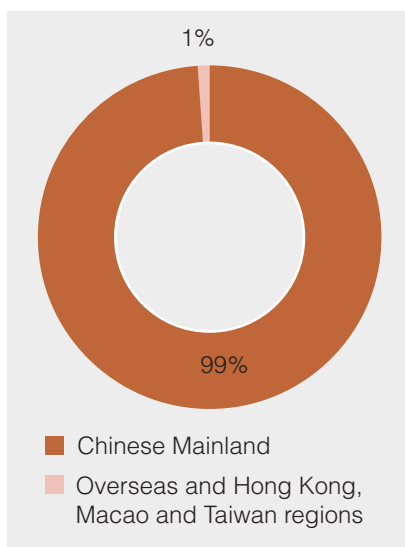
Employment Management (continued)

As at 31 December 2020, the Group had 1,033 full-time employees in total, with details shown below:

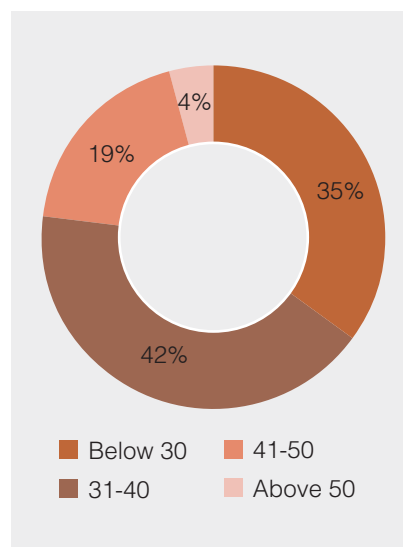
Number of Employees
(by Gender)



Number of Employees
(by Region)



Number of Employees
(by Age Group)



JY Grandmark Creation Camp 2021

The JY Grandmark Creation Camp 2021 unveiled in the second half of 2020 attracted a large number of college graduates, and the Group prepared gift packages for each participant and arranged interesting activities for them, helping each participant to have a better understanding of the Group's businesses and better conveying the talent philosophy that employees can grow together with the organisation.



JY Grandmark Creation Camp 2021

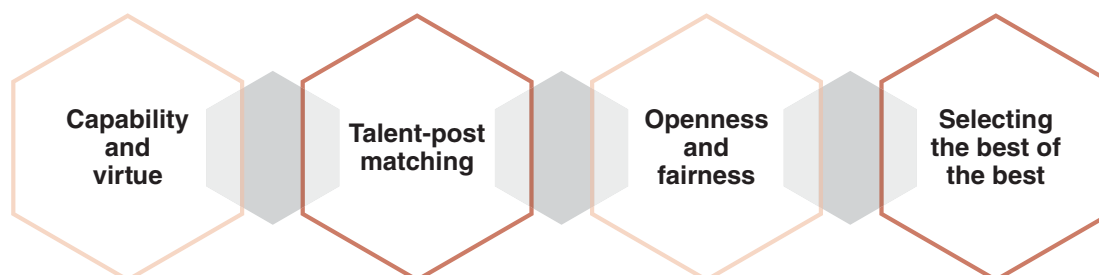
Build a Better Future Together with Employees (continued)

Performance Management and Career Promotion

The Group deepens the implementation of the Administrative Measures for Employee Performance (《員工績效管理辦法》), comprehensively assesses employees' performance through regular evaluation of three indicators, key work, regular work and basic objective, and takes the assessment result as the important basis for remuneration incentive and promotion. In the process of assessment, the Group values the principles of equality, fairness and openness and performs all-round assessment by considering the practical work of each employee. In addition, the Group emphasises the process management of performance, underlines the daily guidance leaders offer to employees, focuses on the improvement of employees' personal abilities, thus comprehensively promoting the Group to realise high-quality development.

The Group attaches great importance to the internal promotion management and improves the employee promotion channel and assessment standard, hoping to achieve effective allocation of talents within the organisation. In 2020, the Group amended the Employee Promotion Management Measures (《員工晉升管理辦法》), standardising the procedures of employee promotion, building an equal and fair internal competition environment and stimulating employees' initiative and motivation. The Group focuses on the cultivation of talents for key positions and builds the multi-layer key talent pipeline to provide sufficient talent guarantee for the business development.

The Group adheres to the following four promotion principles:



Remuneration and Benefits

The Group pays attention to the continuous improvement of remuneration structure, adopts short-term, long-term and individualised incentive measures to improve the overall incentive effectiveness and to boost the subjective initiative of employees. It designs the remuneration strategy and the remuneration structure according to the position and the business segment, and develops people-oriented benefit packages while ensuring the compensation level of employees, striving to improve employees' sense of happiness and sense of belonging.

According to the existing Remuneration Management Measures, the Group clarifies and implements detailed rules for remuneration compliance, ensures that employees receive reasonable compensations, and makes full contributions to social insurance and housing funds, to protect employees' legitimate rights and interests. For the implementation of Remuneration Management Measures, the Group's HR and Administration Centre launched the tour-inspection for businesses of the first half of 2020 in June 2020, reviewed and guided the compliance work in respect of remuneration and labour relation, and improved the benefit standard of employees by conducting in-depth research on the remuneration level of the industry and referring to the practices of the industry. During the Year, the Group reported no violation of laws and regulations related to remuneration and benefits.

Build a Better Future Together with Employees (continued)

Talent Cultivation

The Group acknowledges that the cultivation of excellent talents is the foundation of sustainable development. On the basis of this, the Group establishes a systematic and targeted talent cultivation mechanism with stage and continuous trainings, which cultivates employees' professional quality, management ability and collaboration capability, to improve employees' professional skills and provide support to the Group's long-term development.

In addition, the Group appoints a coach for each new employee to ensure the experience inheritance within the organisation. The coach provides the new employee with pre-job coaching according to his/her own professional experience, answers doubts and questions of the new employee in a timely manner, shares work experience and improves the team's work efficiency.

During the Year, the Group strengthened trainings of the middle-level employees and enabled them to further master the Group's dynamic development and the hotspots of the industry. During the pandemic, the Group provided various online courses to middle-level employees, encouraging them to advance learning deeper and improve themselves. In addition, the Group launched training courses in collaboration with external consultation agencies, to expand employees' knowledge reserve by explaining current events and policies and the latest management concepts. As a result, the Group's middle-level employees had much longer training hours.

New Employee Training

In 2020, the Group held four new employee training sessions, which recorded over 250 attendees. The trainings covered the Company's history and corporate culture, project quality, produce design, integrity and legal risks, and the Company's policies and systems, aiming to help new employees to adapt to the Company rapidly and perform job duties.



New employee training sessions 2020

Build a Better Future Together with Employees (continued)

Talent Cultivation (continued)

Management Training: Panshi Programme

On 1 September 2020, the Group launched the Panshi Programme as the senior management talent cultivation project, aiming to cultivate a team of project managers that are pioneering, capable of facing hard battles and courageous to assume risks and responsibilities to provide a strong support to the Group's rapid development. The Panshi Programme focused on developing qualities and abilities from four aspects, strategy management, project operation, professionalism and leadership during the one-year training, and organising sharing sessions on regular basis.



Panshi Programme 2020

Professional Skill Training: JY Engineering Lecture

In order to support the business development and improve employees' professional quality, the Group designed professional skill improvement trainings for employees of the engineering system. With 13 sessions and more than 700 attendees in 2020, the trainings covered water supply and drainage technology, key points of project quality, special leakage prevention training and Party A's material supply.



JY Engineering Lecture 2020

Build a Better Future Together with Employees (continued)

Talent Cultivation (continued)

Marketing Skill Training: Platinum Steward Programme

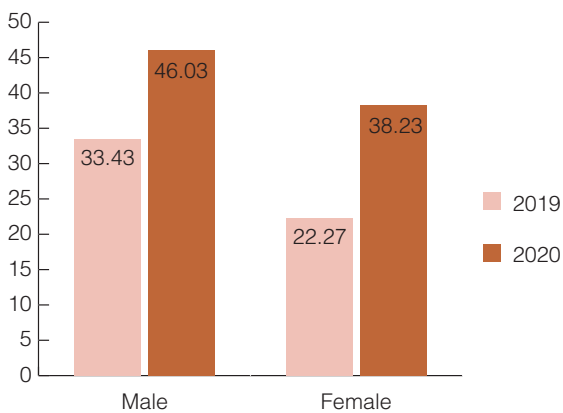
The Group launched the platinum steward training and skill improvement training for property service personnel and marketing personnel of new property projects. With 3 sessions and 65 attendees throughout 2020, the trainings covered the Company's history and corporate culture, etiquette of high-quality services and core property service operation, aiming to improve the service level of property service personnel. Besides, the Group also offered training to employees in terms of product sale, service process and sales skills, aiming to improve the comprehensive sales ability of employees.



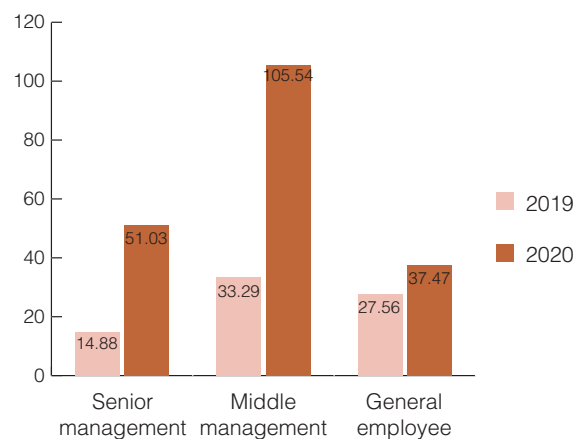
Platinum steward service improvement trainings 2020

Average training hours of the Group's employees are shown below:

Average Training Hours of the Group's Employees (by Gender, Unit: hour/year)



Average Training Hours of the Group's Employees (by Position, Unit: hour/year)



Build a Better Future Together with Employees (continued)

Occupational Health and Safety (continued)

Caring for the Health of Employees

The Group conveys the concept of happy work and healthy life to employees, creates a healthy and comfortable work environment, provides employees with psychological counseling, organises recreational activities to help employees release physical and psychological pressure, and advocates the atmosphere of teamwork. During the Year, the Group reported no violation of laws and regulations related to occupational health and safety.

JY Mountain Lake Gulf: Charity Lake Run

In the afternoon 13 November 2020, the 5th Hiking for employees in Hetang District, Zhuzhou City, Hunan Province themed “Stimulating New Energy of Employees, Contributing to New Development of Hetang District” kicked off at the Mingzhao Lake. The activity was hosted by Hetang District Federation of Trade Unions and co-organised by JY Mountain Lake Gulf. As the only business representative, JY Mountain Lake Gulf encouraged employees to actively participate in the activity and to stay healthy and positive, collaborative and aggressive. In the meantime, the success of the activity also improved the Group’s brand influence and promoted the local construction.



The Lake Run

Build a Better Future Together with Employees (continued)

Occupational Health and Safety (continued)

Fire Safety

To further improve employees' fire safety awareness, promote fire safety knowledge to new and existing employees and improve employees' capability to respond to fire emergency, the Group organised a series of fire safety trainings and evacuation drills during the Year, which ensured the steady development of business operation and the safety of all employees, and reduced the risk and damage of fire disasters. During the Year, the Group organised 26 fire emergency drills, with 588 participants in total.

Fire Safety Training and Evacuation Drill of Guangzhou Just Stay Hotel 2020

To strengthen fire safety training and improve employees' risk prevention awareness is an important task in the Group's fire safety work. On 17 December 2020, the Security Department of Guangzhou Just Stay Hotel organised a fire safety training and evacuation drill for all employees, explaining the use of fire extinguishers, the key points in firefighting and the procedures of reporting a fire, arranging employees to watch videos of fire safety cases, thus further improving employees' fire safety awareness and legal awareness and strengthening employees' emergency response capability in all stage of a fire disaster.



Fire safety training and evacuation drill

Build a Better Future Together with Employees (continued)

Occupational Health and Safety (continued)

Traffic Safety

The Group attaches importance to employees' safety education. It organises safe driving trainings on regular basis to strengthen drivers' awareness of using vehicles in a standard way and driving safely and improve the emergency response capability, reminding drivers to eradicate dangerous driving behaviors and strictly follow road and traffic safety regulations.

Training for Drivers on Safe Driving and Emergency Response Organised by the Headquarters of the Group

On 24 December 2020, the headquarters of the Group organised the special training for drivers in respect of safe driving and emergency response. All drivers and human resources and administration personnel of the Group, totaling 16 employees, attended the training, which revealed the peril of irregular driving via traffic accident cases, analysed the causes of traffic accidents in detail, and introduced the emergency treatment in traffic accidents, thereby helping drivers to have a profound understanding of the importance of safe driving and the peril of irregular driving.



Training for drivers on safe driving and emergency response

Build a Better Future Together with Employees (continued)

Occupational Health and Safety (continued)

Health Education

For providing customers with better services, the Group pays high attention to the training of employees' first aid skills, and organises frontline employees to conduct first aid exercises on regular basis, thus providing guarantee to the daily operation.

Cardiopulmonary Resuscitation Training of Just Stay Hot Spring Resort Hotel

On 12 January 2020, the Human Resources and Administration Department of Just Stay Hot Spring Resort Hotel organised the cardiopulmonary resuscitation training for frontline employees of all departments, and 30 employees attended the training, who improved the first aid skills and response capability, mastered the knowledge of offering first aid in a safe way, and enhanced the emergency responsiveness. After the training, the participants stated that having the first aid knowledge and capability is of significance to the development of the hotel and the health of customers.



Cardiopulmonary resuscitation training

Build a Better Future Together with Employees (continued)

Caring for Employees

Employee Activities

The Group regularly organises a variety of recreational activities for employees, and expresses the caring for employees and conveys the corporate culture in different ways, to enhance employees' sense of identity and sense of belonging. For instance, the Group shows its respect and caring for females, families and children by organising characteristic celebration activities on family related holidays, and stages the New Year Gala and festival celebration activities on Dragon Boat Festival and Mid-Autumn Festival to touch employees with the warm and harmonious atmosphere.

“Start Again for Dreams” New Year Gala

On 17 January 2020, more than 200 employees including leaders and key staffs from the headquarters and branches of other cities got together, and showed their talents on the same stage, reviewing the work of the past year and looking forward to the new year.



“Start Again for Dreams” New Year Gala 2020

JY Family Season and JY Time Machine Award Ceremony

On 1 June 2020, the Group launched the Family Season series activities for Mother's Day, Children's Day and Father's Day and the series activities themed “Time Machine – Gratefulness to Parents & Caring for Children”, inviting all family members to the activities to create happy memories together and encouraging employees to treasure the happy times.



Awarding Ceremony

Build a Better Future Together with Employees (continued)

Caring for Employees (continued)

Employee Activities (continued)

Headquarters' Mooncake Sending at Mid-Autumn Festival

On 25 September 2020, the headquarters of the Group prepared mooncakes for every employee as the Mid-Autumn Festival was approaching, greeting every employee with festival blessings and creating a strong atmosphere of celebrating Chinese traditional festivals.



Headquarters' Mooncake Sending at Mid-Autumn Festival 2020

Communication with Employees

The Group actively explores new communication channels and encourages employees to play the role of the masters of the organisation to offer advice on the Group's development. Communication and complaint channels the Group currently adopts for employees include: meetings of each department, e-mail, OA, JY Sharing (「景業知乎」), WeChat, teambuilding activities, and recreational activities. Employees can provide suggestion and advice on corporate management, operation, products, services and other aspects through these channels, and communicate and share experience with each other.

“JY Wisdom & Innovation for Better Future” Innovation-driven Improvement Campaign

In October 2020, the Group promoted the innovation-driven improvement campaign themed “JY Wisdom & Innovation for Better Future” (「景納智慧 創享未來」) across the whole organisation. With three modules, “improvement proposal”, “departmental improvement project” and “innovation scheme”, the campaign boosted employees' creativity and initiative, further improved personal skills and work efficiency, optimised procedures, reduced the cost, strengthened the teamwork and innovation awareness, created a work environment of vitality, aggressiveness and active thinking and the characteristic JY Grandmark corporate culture of innovation-driven improvement.

“JY Sharing” Platform

To fully motivate all employees' engagement in the corporate management and operation, strengthen the spirit of the masters of the organisation, develop employees' creativity potential and improve the core competitiveness of the organisation, the Group launched the innovation communication platform “JY Sharing” (景業知乎) on the OA system in July 2020, and opened the mailbox of reasonable suggestions, to provide employees with an open space for creativity and innovation with the hope that employees will offer advice on the innovation-driven development and build an environment of mutual learning and aggressiveness.

Build a Better Future Together with Employees (continued)

Caring for Employees (continued)

Communication with Employees (continued)

“Climbing to Top Performance” Mountain Climbing Teambuilding Activity

On 11 July 2020, the Group organised the “Climbing to Top Performance” Mountain Climbing Teambuilding Activity after the year-end operational analysis summing-up meeting in Guangzhou. All employees were enthusiastic and active in joining the activity. The activity offered an opportunity for employees to have physical training and communications with others, allowing them to achieve top performance with full energy.



Group photo of mountain climbing activity

Achieve Win-Win Outcome Through Cooperation

The Group formulates related management measures such as the Management Code for Suppliers (《供應商管理規範》) and the Management System for Material Suppliers (《材料供應商管理制度》) in compliance with laws and regulations including the Bidding Law of the People's Republic of China and the Government Procurement Law of the People's Republic of China, improves the supplier management mechanism to prevent supply chain risks, and strives to establish a cooperative relationship characterised by mutual benefit and trust to promote the sustainable development of the supply chain.

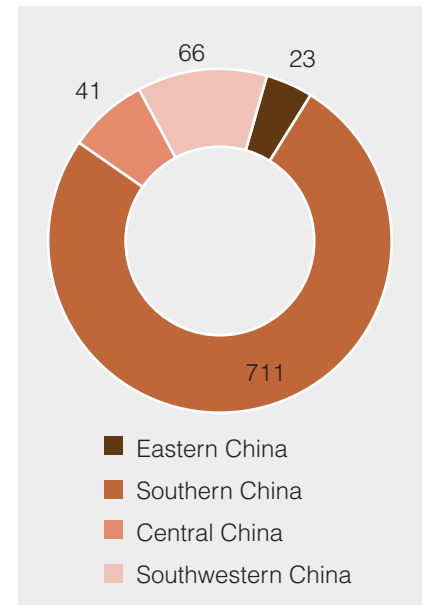
In 2020, the Group witnessed a significant increase in the number of suppliers in all regions during the Year, and had 841 suppliers, booking a rise of 152.16% from the level of the prior year. 260 of these suppliers have signed the Integrity Agreement, and 54 suppliers were required to implement environmental and social policies.

Supplier Access and Performance Assessment

The Group strictly implements the Management Code for Suppliers, sets clear procedures for supplier access management, effectively identifies risks and reduces potential environmental, social and safety risks, builds a standardised, fair and unified supplier management system to seek win-win development with suppliers.

- ✓ **Supplier access mechanism:** The Group primarily considers such factors as suppliers' qualifications, technology and management requirements, the State's environmental requirements, product inspections, financial conditions and on-site inspections. It adopts the principle of proximity to make on-the-spot investigations of projects and designates members of the project management team, to ensure that construction entities that have passed the assessment will maintain stable level in the future cooperation.
- ✓ **Supplier management and assessment mechanism:** For suppliers who has been cooperating with the Group, the Group conducts half-yearly and annual assessments, evaluating suppliers comprehensively from quality indicators, delivery indicators, economic indicators and service indicators and rating them by four grades, excellent, good, qualified and unqualified, according to the assessment results. For suppliers that fail in the assessment, the Group terminates the relationship and will not cooperate with them within three years.

Number of Suppliers (by Region)



The number of suppliers of the Group by region is shown above

Achieve Win-Win Outcome Through Cooperation (continued)

Responsible Supply Chain

The Group sticks to the principles of equality and fairness, implements the bidding management and assessment systems, continuously improves the supplier management mechanism, establishes fair and transparent procurement procedures, and works with suppliers to maintain good business order and jointly fulfill the social responsibilities as corporate citizens.

Clean Supply Chain

The Group treats each partner with respect and responsibility. It strictly complies with the integrity policy in each process of procurement, imposes serious punishments to employees who commit irregularities, includes non-compliant suppliers into the blacklist and will never select these parties.

In 2020, the Group primarily adopted the following measures:

- ✓ **Supplier selection:** In the process of bidding, the Group appoints different personnel to take charge of tender candidate selection and tender price review respectively, to prevent integrity risks.
- ✓ **Supervision of bidding process:** For any unfair matters in the process of bidding, bidders can directly contact with auditors to disclose such matters. The Group disqualifies the bidders involved in bid rigging, submits the cases to the Procurement Centre for record, and prohibits such parties from engaging in all biddings and quotations of the Group for at least three years.
- ✓ **Promotion of the integrity concept:** The Group organises integrity promotion meetings and visits to integrity education bases to improve the integrity awareness of bidding personnel.

High-quality Supply Chain

The Group puts emphasis on the supply chain quality control and strives to select products of the best quality. In the selection of environmentally-friendly materials, outdoor ashlar bricks the Group selects are environmentally-friendly products applying the latest technology and feature the best radiation level rated as A Grade and the strong damage resistance. In addition, the environmentally-friendly material Asia Paints the Group selects acquires the ISO9001 quality management system certificate, and all of its water-based coatings adopt the EU environmental standard and have no pungent smell.

When selecting suppliers, the Group focuses on the review of suppliers' qualifications, urges suppliers to fulfill corporate social responsibilities, and works with suppliers to explore the path of green development. In 2020, 51 out of the Group's suppliers acquired ISO certificates (ISO9000, ISO14000, ISO45000), and 9 suppliers had the certificate of "three systems", ISO9001, ISO14001 and GB/T28001.

Achieve Win-Win Outcome Through Cooperation (continued)

Communication with Suppliers

The Group provides suppliers with open and transparent communication channels, and communicates with suppliers about cooperation progress via regular meetings, visits, industry exhibitions, e-mail and telephone, to seek industry development opportunities together.

In 2020, the Group participated the following forums and exhibitions organised by suppliers:

On 8 July 2020, the Group sent representatives to participate in China (Guangzhou) International Building Decoration Fair (CBD Fair (Guangzhou)) held in China Foreign Trade Centre;



CBD Fair (Guangzhou)

On 22 July 2020, the Group participated in China (Foshan) International Ceramic & Bathroom Fair (CERAMBATH) for business negotiation and cooperation;



CERAMBATH

Achieve Win-Win Outcome Through Cooperation (continued)

Communication with Suppliers (continued)

On 18 August 2020, the Group attended the “Seminar on the Development of Fabricated Building and Green Materials”;



The seminar

On 10 September 2020, the Group invited suppliers to attend the “Sharing Session on Heating Tiles”;



The sharing session

Achieve Win-Win Outcome Through Cooperation (continued)

Communication with Suppliers (continued)

On 17 September 2020, the Group attended “China Supply Chain Conference of Real Estate Industry”.



The Supply Chain Conference

Maintaining Integrity and Compliance for a New Chapter of Probity

The Group firmly believes that integrity and compliance are the foundations for sustainable development of an enterprise. The Group is in strict compliance with the relevant laws and regulations such as the Criminal Law of the PRC (《中華人民共和國刑法》) and the Interim Provisions on Prohibiting Commercial Briberies (關於禁止商業賄賂行為的暫行規定), to protect the economic interests of customers, employees and enterprises, and help create a fair, open, sunny and transparent business environment. During the year, the Group held 7 probity training sessions with an aggregate of 295 training hours. In 2020, the Group did not violate any laws and rules and regulations related to bribery, extortion, fraud and money laundering, and also did not have any corruption lawsuits adjudged against the Group or its employees.

Probity System Construction

The Group is deeply aware of the negative impacts and economic losses that corruption, fraud and other violations of regulations and disciplines may bring to corporate brand and business sustainability. Therefore, the Group continues to adhere to the anti-corruption direction of giving priority to prevention and supplemented by cracking-down efforts, and strengthens the probity education of employees to further strengthen the defense against corruption.

The Group has designated the head of each of the companies now comprising the Group as the first person responsible for integrity of the company, and established an integrity supervision working team, with the head of the manpower administration department as team leader, and the staff of the administrative and legal departments as team members. The team will promote implementation of anti-corruption work within members of the Group, and assist the Audit and Supervision Department of the Group to complete investigation, supervision and assessment.

Maintaining Integrity and Compliance for a New Chapter of Probity (continued)

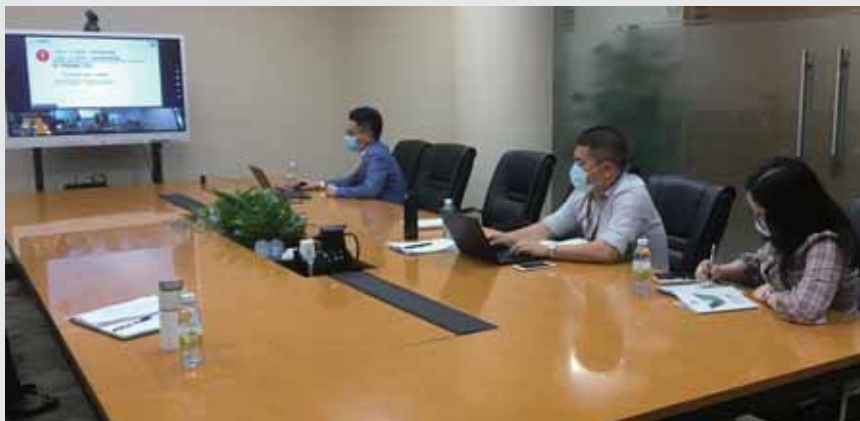
Probity System Construction (continued)

The Group has set up hotline, mailbox and other channels for making complaints and whistle-blowing, and accepted complaints and whistle-blowing of internal and external personnel suspected of corruption and infringement of the company interests. After receiving the whistle-blowing clues, the Audit and Supervision Department of the Group will deal with it as soon as possible and contact the whistle-blower to feed back the investigation results within 48 hours after receiving the whistle-blowing, and subsequently report the relevant issue to the board of directors of the Group. Regarding the identity of the whistle-blower and the matters reported, the Group requires relevant departments and persons to strictly keep confidential, and strictly limits the scope of knowledge in the investigation. The Group stipulates that supervisory archives can be transferred, consulted or copied to archivists only after the approval by the general manager of the Audit and Supervision Department.

For the case of disciplinary violation verified to be true, the relevant person will be given administrative or economic punishment and the relevant notice will be issued; if it constitutes a major issue or violates the law, the relevant person will be transferred to the judicial organ for investigation and judgment. For the units and individuals who make outstanding contributions in the timely discovery, prohibition and rectification of disciplinary violations, the Group will give commendations and rewards to them.

Anti-corruption and Integrity Construction Training of the Group in 2020

On 14 August 2020, the Group organised a special training on anti-corruption and integrity for new employees. The head of the Audit and Supervision Department introduced the professional red lines of JY employees and the establishment of correct integrity concepts to new employees. The training was carried out from four aspects: “honest duty performance is about you and me”, “common types of crimes on duty”, “probity life, happy life” and “how to fulfill honest duty performance”, enabling new employees to quickly understand the importance of probity, keeping ringing alarm bells all the time, exercising strict self-discipline, improving their self-cultivation, so as to achieve unity of knowledge and action.



Employee training site

Low Carbon and Environmental Protection for a Green Picture

The Group is in compliance with the relevant requirements of the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), advocates the concept of ecological priority, green development, energy saving and environmental protection, integrates sustainable development concepts into product designs, and promotes the transformation and upgrading of modern living style. At the same time, we continue to improve internal environmental management practices, guide employees to practice the concept of green environmental protection, and implement the harmonious development of environmental protection and business operations. There is no violation of environmental laws and rules and regulations during the reporting period.

Green and Sustainable Building Model

Green building design

The Group advocates the concept of green sustainable development, practices the green building model, attaches great importance to the indoor lighting, natural ventilation and energy-saving design of buildings, and integrates environmental protection into building designs, with a view to reducing the overall building energy consumption.

Multi-functional Urban Complex Zhaoqing International Technology and Innovation Centre (Zone A)

The Zhaoqing International Technology and Innovation Centre (Zone A) project of the Group fulfills the requirements of the Green Building Evaluation Standards (《綠色建築評價標準》), Sound Environment Quality Standards (《聲環境品質標準》) and Technical Rules for Green Building Evaluation (《綠色建築評價技術細則》) and other documents, passes a number of national standard tests on aspects such as building indoor daylighting area, reasonable glare control, indoor natural ventilation effects and environmental noise, and meets the National Green Building Design Two-star B standards in terms of energy saving.

The domestic water supply system of the project makes full use of the municipal water supply pipe network to supply water directly. Water tanks are all equipped with overflow alarm devices. High-efficiency and energy-saving water pumps and water-saving sanitary appliances are selected to avoid waste of water resources.



Night scene of Zhaoqing International Technology and Innovation Centre



Aerial view of Zhaoqing International Technology and Innovation Centre

Low Carbon and Environmental Protection for a Green Picture (continued)

Green and Sustainable Building Model (continued)

Green building design (continued)

Commercial Projects with a Public Building Façade Zhuzhou Jing Ye Square

The Zhuzhou Jing Ye Square project adopts a public building facade, which not only innovates the house type and facade construction technology, but also controls the heat transfer coefficient of the entire building within specification requirements through special exterior wall materials and correct construction techniques, thereby effectively reducing building energy consumption and injecting more connotations into the green and healthy lifestyle.

The project adopts a split-type air conditioner design, and adopts measures to open windows for ventilation during the transition season to reduce energy consumption of air conditioning in the transition season. All indicators meet the one-star standard for green building design during national inspection.



Zhuzhou Jing Ye Square



Zhuzhou Jing Ye Square

Low Carbon and Environmental Protection for a Green Picture (continued)

Green and Sustainable Building Model (continued)

Green building design (continued)

JY Egret Bay in Lingao

Relying on the superior natural resources of tropical agricultural eco-tourism, the Egret Bay project in Lingao combines wind-resistant and earthquake-resistant design with noble and elegant new Asian style to show the charm of tropical agricultural ecological resorts.

Overall planning of the project pays attention to natural elements of the region, combines the characteristics of terrain to keep the original appearance as much as possible, in order to achieve the harmony between buildings and the natural environment.



JY Egret Bay in Lingao, Hainan



JY Egret Bay in Lingao, Hainan

Low Carbon and Environmental Protection for a Green Picture (continued)

Green and Sustainable Building Model (continued)

Green building design (continued)

JY Jiangshan Shili Courtyard in Tengchong

Rooted in the traditional culture with strong regional features, the project incorporates western construction techniques with vertical stacking of traditional courtyards to create a unique living experience and save land space

Greenery of the project is based preferably on native plants adapted to the local climate and soil conditions, and multiple types of plants are planted to form a multi-level plant community. It's vertical design of the site is conducive to the collection or discharge of rainwater, which can effectively organize the infiltration of rainwater to irrigate the greenery and conserve water for greening.

The project also provides waste separation and collection facilities, focusing on the comfort of modern living while keeping the concept of green environmental protection always in mind.



JY Jiangshan Shili

Ecology and Heritage Conservation

The Group emphasizes ecological and historical environment elements in the construction course of the project in compliance with the Cultural Relics Protection Law of the People's Republic of China (《中華人民共和國文物保護法》), the Regulations for the Implementation of the Cultural Relics Protection Law of the People's Republic of China (《中華人民共和國文物保護法實施條例》), the Regulations of Guangzhou Municipality on Protection of Cultural Relics (《廣州市文物保護規定》) and other relevant laws and regulations. Combining the local natural environment, cultural relics, and the traditional appearance of historic buildings, the Group will protect and rebuild and reuse the same to rejuvenate them in the new era. In addition, the Group focuses on humanistic integration of industries and cities, and in line with urban development, provides a quality platform for the connection between old and new urban areas, and a diverse and vibrant industrial park to offer suitable conditions for introduction of innovative industries to help building new urban areas and upgrade industries.

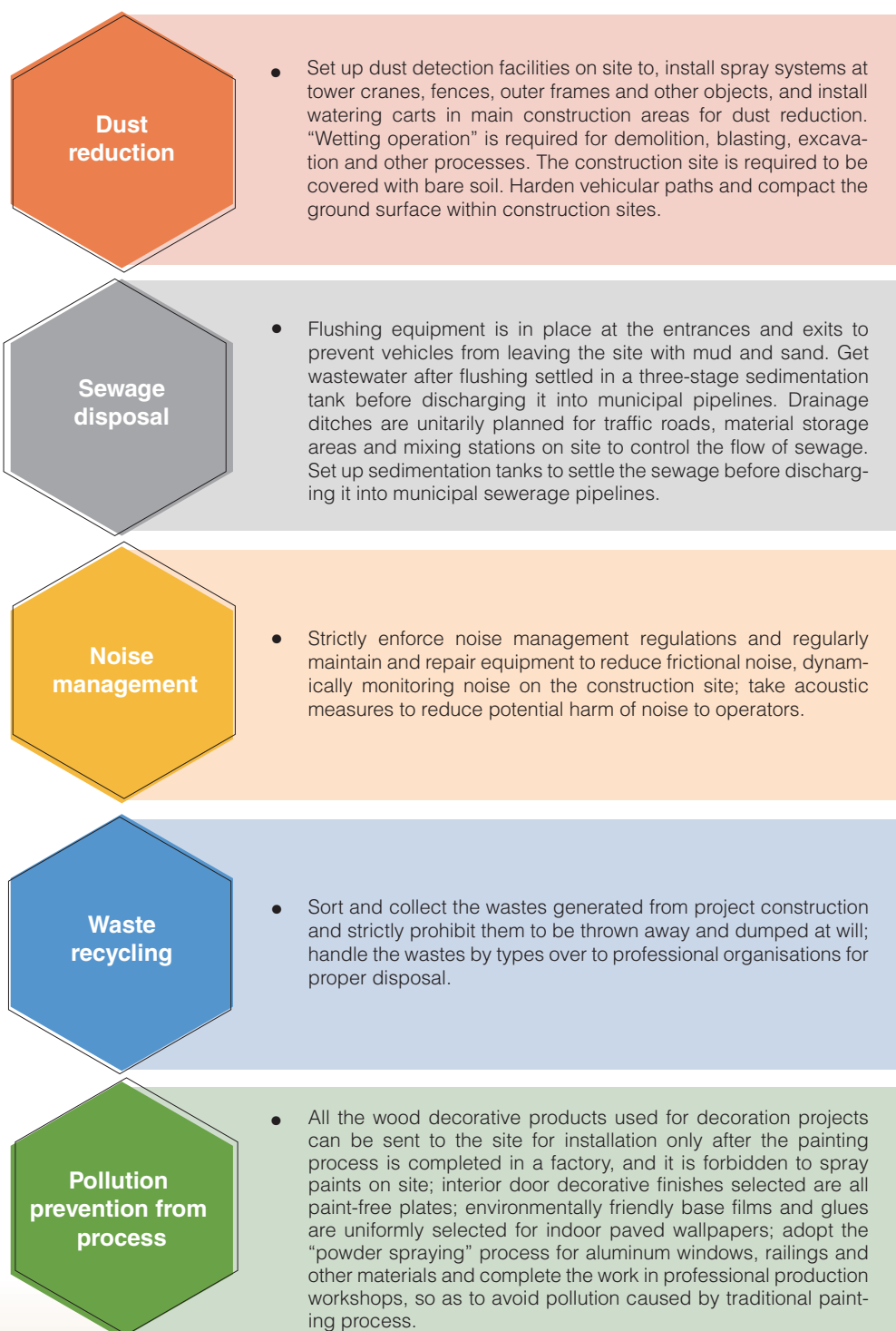
Green Construction

In response to the government's call, the Group formulates and implements the Management Methods for Safe and Environmentally Friendly Construction of JY Grandmark Group (《景業名邦集團安全文明施工管理辦法》), which strictly enforces the standards for disposal of waste, dust, sewage and other discharges at construction sites, and maximises the collection and recycling of rainwater based on the actual situation at construction sites to actively realise a green construction model.

Low Carbon and Environmental Protection for a Green Picture (continued)

Green Construction (continued)

The environmental management measures for the construction sites of the Group are as follows:



Low Carbon and Environmental Protection for a Green Picture (continued)

Green Construction (continued)



Sprinkling and dust control equipment on the construction site

Rainwater filtration and recycling system of JY Mountain Lake Gulf Project in Zhuzhou

During the construction process of the Zhuzhou Mountain Lake Gulf project, the Group attached importance to the recycling of water resources by collecting rainwater through road drains to the sedimentation tanks and then collecting it in a water storage system after three-stage filtration, which was then recycled through pumps and water transmission lines. This system is an important manifestation of the Group's green water conservation philosophy, as it can avoid rainwater flooding, improve the utilisation rate of rainwater and play a positive role in regulating drainage in the drainage area, thereby protecting urban water environment and reducing water pollution and flood disasters.



Rainwater collection system on construction site

Low Carbon and Environmental Protection for a Green Picture (continued)

Green Operations

Energy consumption management

The Group places emphasis on green operation management and rational use of energy. The Group's hotels and properties are actively exploring energy saving and emission reduction initiatives, including the use of LED lights and the adoption of electromagnetic heaters for thermostatic control. Through scientific management of energy consumption, rational use of energy and technological upgrading of processes, equipment and materials, the Group is able to improve energy utilisation rate and minimise energy consumption to meet operational needs.

The Group has optimised and adjusted the following during the Year on the basis of 2019's:

- ✓ Fully apply building automation control in day-to-day management to adjust operational parameters of equipment in a timely manner according to season, time of day, weather and other changing factors;
- ✓ Replace equipment in the public lighting system, retrofit car parks for energy saving, select energy efficient lighting and light sources for lighting fixture wherever possible; adopt energy saving control lighting switches in public areas, such as acoustic switches, control switches, time control switches, etc.;
- ✓ Use variable frequency systems for fans, pumps, lifts, etc., which greatly reduce energy consumption;
- ✓ Increase publicity and promote energy conservation among all employees. Make it a regular task to publicise energy saving directions and policies and other knowledge, and use various publicity tools and methods to raise the awareness of energy saving among our employees.

Guangzhou Just Stay Hot Spring Hotel's Energy Saving and Gas Conversion to Electricity Project

The Group's Guangzhou Just Stay Hot Spring Resort converted its original gas-fired boiler thermostatic system to an electromagnetic heating system in 2020. It invested nearly RMB800,000 to increase the capacity of electricity supply, and RMB1.2 million to install four 100KW and two 600KW electromagnetic heaters, two 25P air energy heat pumps and related ancillary equipment. The resort saved RMB89,800 in energy consumption during the operation in the four months after the renovation as compared with the same period last year.



Relevant equipment for gas conversion to electricity project



Relevant equipment for gas conversion to electricity project

Low Carbon and Environmental Protection for a Green Picture (continued)

Green Operations (continued)

Energy consumption management (continued)

Property Management Arm's Community Energy Efficiency Retrofit Project

While ensuring a comfortable community, the Group's property management arm has formulated energy-saving and emission-reduction plans and measures for energy consumption of the community. At the same time, it has established an annual quantitative target for energy-saving and emission reduction and included it in the monthly performance appraisal of the project leader as well as linked it directly with compensation package. In 2020, the Group's property management arm carried out a retrofitting of its circuits adopting sound and light sensor switches mainly by circuit and by time frame, saving a total of RMB30,000 in electricity bills during the year.



Switch circuit retrofit



Switch circuit retrofit

Water Resources Management

The Group has established systematic rules and regulations on water sources recycling and water management, such as regular leakage testing of the water supply network, active use of the central air-conditioning cooling water system to control water drift and the introduction of water-saving equipment for landscape irrigation, to ensure that water resources are used in a rational manner.

Guangzhou Just Stay Hot Spring Resort's Hot Spring Water Recycling Project

Guangzhou Just Stay Hot Spring Resort focuses on the backwater use of hot spring water, which was previously used irrigating creek landscape after simple treatment and now is recycled through the backwater system. The equipment of the backwater system, after improvement completed by the end of 2018, was put into official operation in 2020. The hot-spring backwater at 35°C~37°C is filtered, sterilised, and re-used after being heated; and the mountain water is used in the rainy season to replenish the water in the creek. Water saving effect of the whole set of equipment is significant, saving RMB287,600 in water costs with backwater use during the year and RMB377,400 in total with constant temperature of the hot spring water during the year.

Low Carbon and Environmental Protection for a Green Picture (continued)

Green Operations (continued)

Water Resources Management (continued)

Property Management Arm's Community Water Saving Retrofit Project

The property management arm implements water conservation measures in various areas such as water for greening, pool and cleaning. The installation of water meters to accurately calculate dynamic water volume has saved about RMB20,000 in water costs. In the meantime, the property management arm also strengthens the maintenance of water pipeline insulation materials to avoid energy wastage due to bursting. It regularly inspects the water supply equipment and pays attention to selection of spare and accessory parts for critical elements to ensure that the water supply facilities remain in good operating conditions.



Routine maintenance of water supply equipment

Waste Management

The Group actively promotes relevant national initiatives on waste classification by carrying out waste separation at its properties and hotels to avoid pollution of the environment by hazardous substances. Meanwhile, the Group posts up prominent slogans on its publicity boards to promote waste separation and collaborates with the government's sub-district offices in conducting waste separation campaigns, thus enhancing the awareness of waste separation among all employees.



Low Carbon and Environmental Protection for a Green Picture (continued)

Green Operations (continued)

Waste Management (continued)

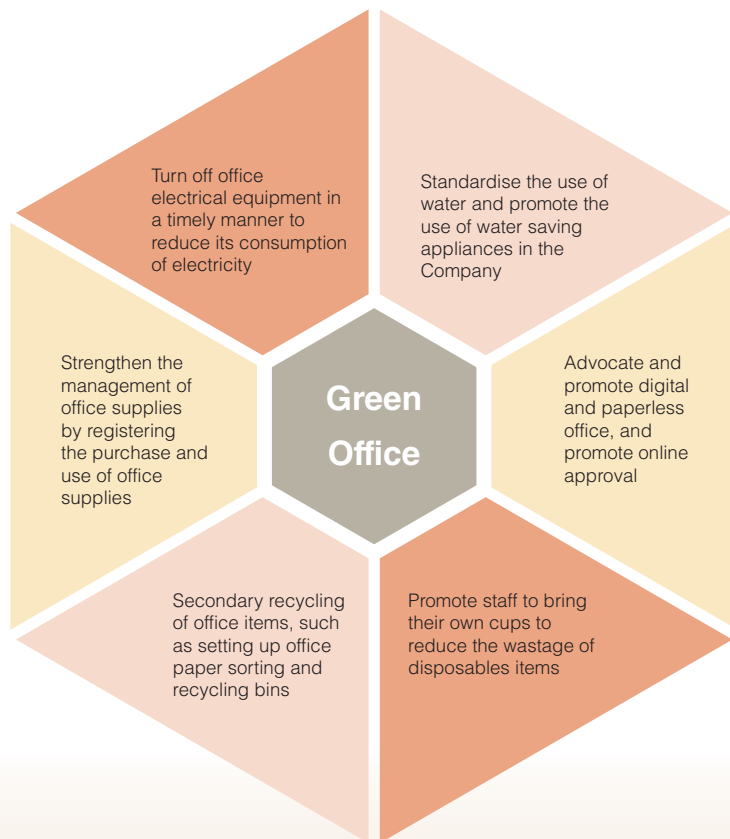
The Group insists on guiding its hotels to adopt effective measures to promote kitchen waste reduction and to make the prevention of food and beverage waste a regular task of the hotels. For example, customers are reminded to order wisely and consume appropriately according to the number of diners to avoid wastage, and takeaway services are provided as well.

The Group's hotels have strict controls over the castoff of disposable products against unnecessary waste. For example, the used and discarded items of extended stay guests are replaced after check-out. Discarded toiletries of customers are recycled as hand soap for staff and remainder toiletries are recycled as cleaning tools for stains.

Green Office

The Group emphasises low-carbon office practices, for example, waste paper and ink cartridges etc. are strictly managed by category and cleaned up by professional outsourcing companies. It promotes green and environmental protection practices in the daily office. To raise staff awareness on energy saving, the Company advocates a healthy lifestyle of “green office, low-carbon life”, guiding and motivating all employees to create a good atmosphere of energy saving and consumption reduction. The above can reduce the Company's operating costs, protect and improve the environment, enhance the management of water and electricity consumption, reduce wastage and energy consumption effectively.

In 2020, the Group's main practices in low-carbon office included:



Moistening the Community Home by Warmth of Heart and Actions

Facing the COVID-19 epidemic, the Group and all its employees have been working together to overcome difficulties, strictly enforcing national epidemic prevention regulations and actively participating in materials donation activities for epidemic prevention, in order to fulfil its social responsibility as a corporate citizen and make a meager contribution to the national epidemic prevention efforts. At the same time, the Group has never forgotten to care about the livelihood of residents in poor areas. In response to the national call for rural revitalization, the Group participated in poverty relief activities in the communities surrounding its projects, providing assistance to the disabled and caring for the widowed elders, for persevering in its charitable endeavours.

Combating the Epidemic

2020 was an exceptional year when the sudden outbreak of the epidemic brought unprecedented challenges to the Group's business development. However, the Group and its staff worked together to combat the epidemic. While paying attention to prevention and control of the epidemic within the Group and the health of employees, we also care about the society. During the Year, the Group actively donated money and supplies to frontline medical staff and local epidemic prevention organisations, demonstrating its love and care to the fight against the COVID-19 epidemic.

On 15 March 2020, the Group and the Guangdong Overseas Chinese Community Charity Foundation (廣東省僑界仁愛基金會) jointly purchased epidemic prevention materials worth RMB1.25 million for delivery to the medical frontline and epidemic prevention organisations.

On 25 March 2020, the Group joined hands with Guangzhou Conghua District Charity Association (廣州市從化慈善會) to make a targeted donation of 1 thermometer door worth RMB24,000 to Conghua District Chinese Medicine Hospital and 10,000 masks worth RMB23,000 to the Conghua District Education Bureau and Liu Xi High School in Conghua District.



Letter of intent of the enterprise for donation of anti-epidemic materials

Moistening the Community Home by Warmth of Heart and Actions (continued)

Poverty Alleviation

In line with its philanthropic spirit, the Group is committed to helping the poor and needy to solve their problems. From various aspects such as helping the poor, students and the disabled, it reaches out to the public to fund social welfare undertakings, including medical care, community development, child welfare, elderly support and etc., so as to provide assistance to the needy within its means.

January

On 13 January 2020, the Group and Guangzhou Female Entrepreneur Association* (廣州市女企業家協會) participated in the annual poverty alleviation, education assistance, and care delivery activities in Wenquan Town, Conghua District, where the executive director and the president of the Group Ms. Zheng Catherine Wei Hong, the representative of the Guangzhou company of the Group, contributed a charity donation of more than RMB1,000.



Poverty alleviation, education assistance, and care delivery activities in Wenquan Town, Conghua

March

On 23 March 2020, the Group offered HK\$1,000,000 to the “PLK 2020 Virtual Sports Challenge – Let’s Get Moving!” through title sponsorship to actively support physical activity for all and a healthy lifestyle.



Venue of PLK 2020 Virtual Sports Challenge – Let’s Get Moving!



Venue of PLK 2020 Virtual Sports Challenge – Let’s Get Moving!

Moistening the Community Home by Warmth of Heart and Actions (continued)

Poverty Alleviation (continued)

May

On 8 May 2020, the Group participated in the poverty alleviation work at Mangbang Town, Tengchong County, and Tengchong JY Real Estate (騰衝景業房地產) donated RMB40,000 to the designated fund for poverty alleviation on behalf of the Group.

June

On 18 June 2020, the Group, in collaboration with the Mingzhao Sub-district Community Service Center in Hetang District, Zhuzhou City, accompanied more than 50 service recipients with mental disabilities and their families to celebrate the Dragon Boat Festival together, to make them feel the warm atmosphere of the festival and the care from the government and society.

On 24 June 2020, the Group pledged a donation of RMB100,000 to Conghua District Charity Association in series activities such as the 2020 Guangdong Poverty Alleviation Day activity and the “Guangzhou Charity for People” (羊城慈善為民) action.

On 30 June 2020, the Group held a charity event called “Love without Borders, Accompanied by JY” (大愛無疆·景業同行) and donated more than RMB3,000 worth of daily necessities purchased to the Home for the Elderly in Nansha Sub-district.



Donation to the “Guangzhou Charity for People” activity



Group photo of donation activity

September

On 9 September 2020, the Group participated in fundraising activity “99 Charity Day” (「99公益日」) organised by the Charity Foundation of Hetang District, Zhuzhou City (株洲市荷塘區慈善會) and donated RMB20,000.

Moistening the Community Home by Warmth of Heart and Actions (continued)

Poverty Alleviation (continued)

October

On 22 October 2020, during the annual Chung Yeung Festival, the Group visited 48 disabled and widowed elderly people aged 80 or above at the Yingde Care Home for the Elderly to show its love and care.

On 24 October 2020, the Group participated in the “Colorful Community Charity Sale” and “Agile Community Charity Activity for the Elderly” held at the central square of Agile Commercial Street in Nanchun Town. JY Grandmark and its Party Branch participating in the charity sale and donation activities by donating materials worth RMB6,000 to the community.



Colorful community charity sale site



Yingde charity donation

Appendix I ESG Key Performance Data Tables for 2020

Environmental Aspects

	KPI	Unit	Amount
Air Emissions	Sulfur dioxide	kg	0.63
	Nitrogen oxides	kg	266.43
	Particulate matter	kg	4.39
Greenhouse Gas Emissions	Greenhouse gas emissions (Scope 1)	tCO ₂ e	672.26
	Greenhouse gas emissions (Scope 2)	tCO ₂ e	7,463.25
	Greenhouse gas emissions (Scope 1 + Scope 2)	tCO ₂ e	8,135.51
	Greenhouse gas emission intensity	tCO ₂ e/million revenue	3.47
Hazardous waste		Tonnes	27.98
Non-hazardous waste		Tonnes	453.74
Energy Consumption	Total energy consumption	kWh	11,964.02
	Direct energy consumption	kWh	3,061.58
	Indirect energy consumption	kWh	8,902.44
	Energy consumption intensity	kWh/million revenue	5.10
	Electricity consumption	kWh	8,902.44
	Gasoline	Litre	44,252.04
	Diesel	Litre	2,100.00
	Liquefied petroleum gas	kg	3,315.00
Consumption of Water Resource	Pipelined natural gas	m ³	268,161.10
	Water consumption	m ³	427,167.60
	Water consumption intensity	m ³ /million revenue	182.00

Description of environmental data and indexes:

- The time span of the environmental data is from 1 January 2020 to 31 December 2020; the data collection scope includes the Group's head office area; the office and sales area of branches in seven cities; the office and public area of four property management companies; the office and operational area of two hotels.
- Greenhouse gas emissions (Scope 1) mainly derived from fuel and gas consumption of official vehicles and fixed equipment; while greenhouse gas emissions (Scope 2) derived from consumption of purchased electricity. The relevant data is derived from relevant fee bills and administrative ledgers. Emission indexes of greenhouse gas of purchased electricity are based on the China Regional Power Grid Baseline Emission Factor for 2017 (《2017年度中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environmental of PRC; and emission indexes for other energy are based on the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange.
- The types of energy consumed by the Group in 2020 include fuel and gas of official vehicles and fixed equipment, purchased electricity. The relevant data is derived from relevant fee bills and administrative ledgers. The energy consumption indexes are subject to conversion factors provided by the International Energy Agency and the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008) (《GB/T 2589-2008綜合能耗計算通則》).
- The Group mainly uses municipal tap water and hot spring water, and there is no shortage of water supply. The relevant data is derived from financial record and administrative ledgers.

Appendix I ESG Key Performance Data Tables for 2020 (continued)
Social Aspects

KPI		2020	
Total workforce by gender, employment type, age group and geographical region			
		Number of Employees (persons)	Percentage (%)
By Gender	Male	511	49%
	Female	522	51%
By Employment Type	Full time	1,033	100%
By Age Group	Below 30 years old	357	35%
	31-40 years old	434	42%
	41-50 years old	195	19%
	Above 50 years old	47	4%
By Geographical Region	Mainland China	1,022	99%
	Overseas and Hong Kong, Macao and Taiwan	11	1%
Total Number of Employees			1,033
Employee turnover rate by gender, employment type, age group and geographical region			
		Number of employee turnover (persons)	Turnover rate (%)
By Gender	Male	190	29%
	Female	201	31%
By Age Group	Below 30 years old	200	37%
	31-40 years old	147	28%
	41-50 years old	37	19%
	Above 50 years old	7	15%
By Geographical Region	Mainland China	390	30%
	Overseas and Hong Kong, Macao and Taiwan	1	8%
Health and Safety			
Number of work-related fatalities			0
Lost days due to work injury			32

Appendix I ESG Key Performance Data Tables for 2020 (continued)**Social Aspects (continued)**

KPI		2020	
The percentage of employees trained and average training hours by gender and employment type			
		Percentage of employees trained (%)	Training hours per employee (hour)
By Gender	Male	100%	46.03
	Female	100%	38.23
By position	Senior management personnel	100%	51.03
	Middle management personnel	100%	105.54
	General employee	100%	37.47
Supplier Management			
	East China		23
	South China		711
	Central China		41
	West China		66
	Total number of suppliers (entity)		841
	Number of suppliers where relevant policies (especially environmental protection and social policies) are being implemented (entity)		54
	Number of suppliers signing "Integrity Agreement" (entity)		260
Customer service			
	Number of complaints (times)		136
	Number of callbacks after complaint processing (times)		136
	Number of customer service outbound calls (times)		340
Anti-corruption training			
	Training times (times)		7
	Number of training participants (persons)		295
	Total training hours for the year (hours)		295
Community Investment			
	Amount invested (RMB)		3,784,000.00

Appendix II ESG Guide Content Index

ESG Indicators		Disclosures	Corresponding Sections
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Low carbon and environmental protection for a green picture
A1.1	The types of emissions and respective emissions data.	Disclosed	Low carbon and environmental protection for a green picture
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Low carbon and environmental protection for a green picture
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Low carbon and environmental protection for a green picture
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Low carbon and environmental protection for a green picture
A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed in part (Note)	Low carbon and environmental protection for a green picture
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed in part (Note)	Low carbon and environmental protection for a green picture
A2 General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Disclosed	Low carbon and environmental protection for a green picture
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Low carbon and environmental protection for a green picture
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Low carbon and environmental protection for a green picture
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed in part (Note)	Low carbon and environmental protection for a green picture

Appendix II ESG Guide Content Index (continued)

ESG Indicators		Disclosures	Corresponding Sections
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed in part (Note)	Low carbon and environmental protection for a green picture
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A, The Group's core business does not involve the use of packaging materials.	–
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	Low carbon and environmental protection for a green picture
A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them	Disclosed	Low carbon and environmental protection for a green picture
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	To be disclosed in subsequent years (Note)	–
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	To be disclosed in subsequent years (Note)	–
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Working together with employees to create a better future
B1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	Disclosed	Working together with employees to create a better future
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I

Appendix II ESG Guide Content Index (continued)

ESG Indicators		Disclosures	Corresponding Sections
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Working together with employees to create a better future
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed in part (Note)	Appendix I
B2.2	Lost days due to work injury.	Disclosed	Appendix I
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Working together with employees to create a better future
B3 General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Working together with employees to create a better future
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Working together with employees to create a better future
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Working together with employees to create a better future
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Working together with employees to create a better future
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Working together with employees to create a better future
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Working together with employees to create a better future
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Growing together to achieve win-win cooperation
B5.1	Number of suppliers by geographical region.	Disclosed	Growing together to achieve win-win cooperation

Appendix II ESG Guide Content Index (continued)

ESG Indicators		Disclosures	Corresponding Sections
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Growing together to achieve win-win cooperation
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed in part (Note)	Growing together to achieve win-win cooperation
B5.4	Description of practices used to promote environmental preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed in part (Note)	Growing together to achieve win-win cooperation
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Exerting ingenuity to build ecological humanities
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A, The Group's main business does not involve product recalls for safety and health reasons.	–
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Exerting ingenuity to build ecological humanities Appendix I
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Exerting ingenuity to build ecological humanities
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Exerting ingenuity to build ecological humanities
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Exerting ingenuity to build ecological humanities
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Maintaining integrity and compliance for a new chapter of probity

Appendix II ESG Guide Content Index (continued)

ESG Indicators		Disclosures	Corresponding Sections
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Maintaining integrity and compliance for a new chapter of probity
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Maintaining integrity and compliance for a new chapter of probity
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed in part (Note)	Maintaining integrity and compliance for a new chapter of probity
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	Disclosed	Moistening the community home by warmth of heart and actions
B8.1	Focus areas of contribution (e.g. education, environment, labour needs, health, culture and sports).	Disclosed	Moistening the community home by warmth of heart and actions
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Moistening the community home by warmth of heart and actions

Note: As the latest ESG guidance issued by the Stock Exchange made amendments on the KPIs, and relevant amendments became effective from the financial year beginning from or after 1 July 2020. The Group will disclose relevant KPIs in subsequent years.

Independent Auditor's Report



To the Shareholders of JY Grandmark Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of JY Grandmark Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 154 to 249, which comprise:

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report (Continued)

Key Audit Matters

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

Key audit matter identified in our audit is summarised as follows:

- Assessment of net realisable value (“**NRV**”) of properties under development (“**PUD**”) and completed properties held for sale (“**PHS**”)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of NRV of PUD and PHS</p> <p>Refer to notes 4(a), 22 and 23 to the consolidated financial statements.</p> <p>PUD and PHS amounted to RMB3,714,538,000 and RMB1,680,252,000 respectively as at 31 December 2020, which in aggregate accounted for approximately 50% of the Group's total assets. PUD and PHS are stated at the lower of cost and NRV. NRV is determined by referencing to the estimated selling price based on prevailing market conditions less estimated costs to completion of PUD and variable selling expenses.</p> <p>No NRV provision was made for PUD and PHS based on management's assessment as at 31 December 2020. We focused on NRV assessment because PUD and PHS are major assets of the Group and the determination of NRV involved significant estimates on the selling prices, variable selling expenses and estimated costs to completion of PUD.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none">(i) We obtained an understanding of management's internal control and assessment process of the NRV of PUD and PHS, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity of assessment and subjectivity of significant assumptions and data used.(ii) We evaluated and tested management's key internal control over the Group's process in determining the selling prices, variable selling expenses and costs to completion of PUD;(iii) We understood, evaluated and tested the internal controls over the assessment of net realisable value of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>(iv) We selected, on a sample basis, PUD and PHS projects and challenged management's estimates when determining the NRV of PUD and PHS by:</p> <ul style="list-style-type: none"> • Comparing the estimated selling price to the most recent selling price for the PUD and PHS or the prevailing market price of similar type of properties in similar locations; • Comparing the ratio of estimated variable selling expenses to the selling price with the Group's historical ratio to assess whether the estimated variable selling expenses were within a reasonable range; • Assessing the Group's estimates of the anticipated costs to completion for PUD by reconciling the actual costs incurred to approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of similar type of properties in similar locations. <p>We found that management's estimates used in the assessment of NRV of PUD and PHS are properly supported by available evidences.</p>

Other Information

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 March 2021

Consolidated Statement of Financial Position

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December	
		2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	301,807	320,264
Right-of-use assets	19	258,196	260,377
Investment properties	20	289,252	187,703
Intangible assets	21	2,443	2,582
Other receivables and prepayments	24	13,805	12,929
Deferred income tax assets	15	100,234	126,131
Investment in joint ventures	16	24,543	–
Investment in an associate	17	84,200	29,653
		1,074,480	939,639
Current assets			
Inventories		1,510	1,645
Contract costs	5	18,746	23,148
Properties under development	22	3,714,538	3,955,015
Completed properties held for sale	23	1,680,252	1,772,134
Trade and other receivables and prepayments	24	1,831,304	480,736
Prepaid taxes	25	81,040	56,962
Restricted cash	26	323,779	1,019,118
Cash and cash equivalents	27	2,037,665	956,933
Amounts due from related parties	36	123,123	7,759
		9,811,957	8,273,450
Total assets		10,886,437	9,213,089

Consolidated Statement of Financial Position (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	As at 31 December	
		2020 RMB'000	2019 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	14,746	14,746
Other reserves	29	1,836,263	1,765,202
Retained earnings	29	1,184,234	939,006
		3,035,243	2,718,954
Non-controlling interests	37	1,417,808	100,455
Total equity		4,453,051	2,819,409
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	124,769	186,142
Bank and other borrowings	30	1,568,978	1,379,922
Lease liabilities	35	63,608	62,921
		1,757,355	1,628,985
Current liabilities			
Bank and other borrowings	30	1,542,827	1,923,102
Trade and other payables	31	2,779,260	2,553,385
Lease liabilities	35	5,122	3,743
Current income tax liabilities		348,822	234,465
Amounts due to related parties	36	–	50,000
		4,676,031	4,764,695
Total liabilities		6,433,386	6,393,680
Total equity and liabilities		10,886,437	9,213,089

The notes on pages 159 to 249 form an integral part of these consolidated financial statements.

The financial statements on pages 154 to 249 were approved by the Board of Directors on 25 March 2021 and were signed on its behalf.

CHAN Sze Ming Michael
Director

LIU Huaxi
Director

Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	5	2,347,064	2,402,810
Cost of sales	6	(1,434,328)	(1,258,578)
Gross profit		912,736	1,144,232
Selling and marketing expenses	6	(124,629)	(131,046)
Administrative expenses	6	(140,958)	(162,938)
Net impairment losses on financial assets	3.1.2	(873)	(236)
Other income	7	15,826	3,731
Other expenses	8	(4,105)	(3,098)
Other gains – net	9	86,721	61,021
Operating profit		744,718	911,666
Finance costs	11	(34,492)	(14,219)
Finance income	11	21,213	15,605
Finance (costs)/income – net	11	(13,279)	1,386
Share of results of joint ventures	16	(2,457)	(158)
Share of results of an associate	17	55,528	(1,387)
Profit before income tax		784,510	911,507
Income tax expense	12	(306,113)	(416,590)
Profit for the year		478,397	494,917
Profit attributable to:			
Owners of the Company		485,203	501,517
Non-controlling interests		(6,806)	(6,600)
		478,397	494,917
Other comprehensive income/(loss) for the year			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		40,644	(29,399)
Other comprehensive income/(loss) for the year, net of tax		40,644	(29,399)
Total comprehensive income for the year		519,042	465,518
Total comprehensive income attributable to:			
Owners of the Company		525,847	472,118
Non-controlling interests		(6,806)	(6,600)
		519,041	465,518
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	13	0.29	0.41

The notes on pages 159 to 249 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					Non-controlling Interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2019	–	62,643	486,661	549,304	103,975	653,279	
Comprehensive income							
– Profit/(loss) for the year	–	–	501,517	501,517	(6,600)	494,917	
– Other comprehensive loss	–	(29,399)	–	(29,399)	–	(29,399)	
Total comprehensive (loss)/income	–	(29,399)	501,517	472,118	(6,600)	465,518	
Transactions with owners in their capacity as owners:							
Transfer to statutory reserves	–	49,172	(49,172)	–	–	–	
Capitalisation of loan due to ultimate controlling shareholder (Note 29)	–	461,995	–	461,995	–	461,995	
Issue of shares in connection with the capitalisation issue (Note 29)	10,749	(10,749)	–	–	–	–	
Issue of shares in connection with the Company's listing (Note 29)	3,997	1,258,969	–	1,262,966	–	1,262,966	
Share issuance costs	–	(27,429)	–	(27,429)	–	(27,429)	
Disposal of a subsidiary (Note 38(b))	–	–	–	–	54	54	
Capital injections from non-controlling interests	–	–	–	–	3,026	3,026	
Total transactions with owners	14,746	1,731,958	(49,172)	1,697,532	3,080	1,700,612	
Balance at 31 December 2019	14,746	1,765,202	939,006	2,718,954	100,455	2,819,409	
Balance at 1 January 2020	14,746	1,765,202	939,006	2,718,954	100,455	2,819,409	
Comprehensive income							
– Profit/(loss) for the year	–	–	485,203	485,203	(6,806)	478,397	
– Other comprehensive income	–	40,644	–	40,644	–	40,644	
Total comprehensive income/(loss)	–	40,644	485,203	525,847	(6,806)	519,041	
Transactions with owners in their capacity as owners:							
Transfer to statutory reserves	–	30,417	(30,417)	–	–	–	
Dividends paid	–	–	(209,558)	(209,558)	–	(209,558)	
Disposal of a subsidiary (Note 38(b))	–	–	–	–	(133)	(133)	
Capital injections from non-controlling interests	–	–	–	–	1,324,292	1,324,292	
Total transactions with owners	–	30,417	(239,975)	(209,558)	1,324,159	1,114,601	
Balance at 31 December 2020	14,746	1,836,263	1,184,234	3,035,243	1,417,808	4,453,051	

The notes on pages 159 to 249 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	32(a)	(1,166,389)	(1,111,140)
Income tax paid		(153,401)	(207,326)
Interest paid		(251,425)	(129,394)
Net cash used in operating activities		(1,571,215)	(1,447,860)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		(5,814)	(162,343)
Net cash (outflow)/inflow from disposal of subsidiaries, net of cash disposed of	38	(17,328)	77,853
Purchase of property, plant and equipment		(9,276)	(7,859)
Proceeds from disposal of property, plant and equipment and intangible assets	32(b)	304	465
Purchases of intangible assets		(682)	(1,833)
Net cash inflow from financial assets at fair value through profit or loss		–	600
Investment in joint ventures		(27,000)	–
Cash advanced to related parties		(111,337)	–
Cash repayments from related parties		–	936,844
Payments to original shareholder and non-controlling interest of a subsidiary acquired		–	(715,152)
Interest received on financial assets at fair value through profit or loss		3,844	1,832
Interest received		21,213	5,953
Net cash (used in)/generated from investing activities		(146,076)	136,360
Cash flows from financing activities			
Proceeds from borrowings	32(c)	3,586,104	3,275,599
Repayments of borrowings	32(c)	(2,953,776)	(1,141,607)
Repayments of related parties		–	(615,735)
Advances from non-controlling interests	32(c)	360,452	–
Capital injection from non-controlling interests		1,324,292	3,026
Proceeds from the Company's listing		–	1,262,966
Payments for listing related expenses		(2,891)	(22,606)
Decrease/(increase) in restricted cash for securing bank borrowings		733,282	(721,997)
Lease payments	32(c)	(5,522)	(1,738)
Dividends paid		(209,558)	–
Net cash generated from financing activities		2,832,383	2,037,908
Net increase in cash and cash equivalents			
Exchange (losses)/gains on cash and cash equivalents		(34,360)	11,644
Cash and cash equivalents at beginning of year		956,933	218,881
Cash and cash equivalents at end of year	27	2,037,665	956,933

The notes on pages 159 to 249 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB Yuan thousands unless otherwise stated)

1 General information

The Company was incorporated in the Cayman Islands on 2 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket square, Hutchins Drive, PO Box 2618, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in property development, property management, hotel operations and commercial property investment in the People's Republic of China (the "**PRC**").

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 December 2019.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The outbreak of the 2019 Novel Coronavirus ("**COVID-19**") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties and hotels, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial statements are authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards, amended standards and interpretation adopted by the Group

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 7, HKAS 9 and HKFRS 39	Interest rate benchmark reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

The adoption of new and amended standards and interpretation did not have any material impact on the consolidated financial statements of the group.

(d) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	Originally 1 January 2021, but extended to 1 January 2023 by the HKICPA
Amendments to HKFRS 16	COVID-19-related Rent Concessions	1 June 2020
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	Originally 1 January 2022, but extended to 1 January 2023 by the HKICPA
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
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 Group's assessment of these new standards and amendments did not identify a significant impact on the Group's financial performance and position.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combination*

Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group 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 HKFRS. 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 profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combination (continued)*

Business combinations not under common control (continued)

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

The consolidated financial statements incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control consolidation.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(b) *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 acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) *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 or transferred to another category if equity as specified/permitted by applicable HKFRSs.

2.2.2 Separate financial statements

Investment in subsidiaries is 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 but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. 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 investment in associates includes 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 the 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

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 an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate 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.

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depend on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. 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 joint ventures, 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 joint ventures 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.

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

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.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within ‘finance income – net’. All other foreign exchange gains and losses are presented in profit or loss on a net basis within ‘Other gains – net’.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(c) Group companies

The results and financial positions of foreign operations (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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of 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 dates of the transactions); and

all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

All 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 are charged to profit or loss during the financial period in which they are incurred.

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

Buildings	20-70 years
Vehicles and machinery	3-5 years
Others	3-10 years

Buildings mainly comprise office buildings and hotel buildings.

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

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.

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

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of lands during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

2.8 Intangible assets

Intangible assets mainly comprised of computer software, which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

2.9 Investment properties

After initial recognition, investment property is carried at fair value, representing open market value determined at each statement of financial position date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. 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 flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.9 Investment properties (continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

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 the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'Other gains-net' in the consolidated statement of comprehensive income.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.9 Investment properties (continued)

Completed properties held for sale are transferred to investment properties when it is evidenced by a change in use. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property 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 treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2.11 Inventories

Inventories mainly comprise of hotel goods, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costs method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Properties under development and completed properties held for sale

2.12.1 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

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

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.12.2 Completed properties held for sale

Completed properties remaining unsold at reporting period end 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 sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.13 Investments and other financial assets

2.13.1 Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

2.13.2 Recognition and derecognition

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

2.13.3 Measurement

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.13 Investments and other financial assets (continued)

2.13.3 Measurement (continued)

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost is measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within 'other gains – net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains – net' in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.14 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.15 Financial liabilities and equity instruments

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

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets 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.

2.17 Land use rights under properties under development and completed properties held for sale

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are included in properties under development or completed properties held for sale.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.18 Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 24 for further information about the Group's accounting for trade and other receivables and Note 3.1 for a description of the Group's impairment policies.

2.19 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract costs if the Group expects to recover these costs.

2.20 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.21 Share capital

Ordinary shares are classified as equity.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.23 Borrowings

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

Borrowings are removed from the statements 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 other income or finance costs.

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

2.24 Borrowing costs

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Borrowing costs (continued)

Other borrowing costs are expensed in the period in which they are incurred.

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.25 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group's 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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is 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, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.25 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries 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.

(c) Offsetting

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

2.26 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. 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 as 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. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.26 Employee benefits (continued)

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Employee leave entitlements

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

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

(d) Mandatory Provident Fund Scheme

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

2.27 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 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 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer 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; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do 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.

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

For property development and sales contracts 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.

In determine the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. For property development and sales contracts 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.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition (continued)

(b) Hotel operations

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

(c) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(d) Property management

Revenue from rendering of property management services are recognised in the accounting period in which the related services are rendered.

(e) Financial components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.29 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

2.30 Leases

The Group leases various lands, buildings and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.30 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.30 Leases (continued)

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

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise office equipment below US Dollar (“US\$”) 5,000.

(a) Variable lease payments

Variable lease payments based on an index or a rate are initially measured using the index or the rate at the commencement date. The Group does not forecast future changes of the index/rate; these changes are taken into account when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liabilities, but they are recognised in the consolidated statements of comprehensive income when the event or condition that triggers those payments occurs.

(b) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

(c) Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liabilities. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.31 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company’s shareholders and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.32 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9, 'Financial Instruments' and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

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 instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.33 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.34 Interest income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks), credit risk and liquidity risk. 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.

3.1 Financial risk factors

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2020 and 2019, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash and bank and other borrowings, which are denominated in HK Dollar ("HK\$") or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective dates of consolidated statements of financial position are as follows:

Financial assets	As at 31 December	
	2020 RMB'000	2019 RMB'000
HK\$	267,689	1,378,427
US\$	471,834	475,342
	739,523	1,853,769

Financial liabilities	As at 31 December	
	2020 RMB'000	2019 RMB'000
HK\$	588,815	1,516,425
US\$	974,143	2,192
	1,562,958	1,518,617

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

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% strengthened/weakened in RMB against the relevant currencies, the effects of total comprehensive income for the periods are as follows:

	Change of total comprehensive income increase/(decrease) As at 31 December	
	2020 RMB'000	2019 RMB'000
RMB against HK\$:		
Strengthened by 5%	12,042	5,175
Weakened by 5%	(12,042)	(5,175)

	Change of total comprehensive income increase/(decrease) As at 31 December	
	2020 RMB'000	2019 RMB'000
RMB against US\$:		
Strengthened by 5%	18,837	(17,743)
Weakened by 5%	(18,837)	17,743

The aggregate net foreign exchange gains recognised in profit or loss were RMB17,413,000 (2019: RMB4,144,000).

(b) Cash flow and fair value interest rate risks

The Group's main interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash held at floating rates. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in RMB and HK\$.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

As at 31 December 2020, bank and other borrowings of the Group bearing floating interest rates amounted to approximately RMB1,631,401,000 (2019: RMB2,851,941,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(b) Cash flow and fair value interest rate risks (continued)

The table below summarises the impact of changes in interest rate as at 31 December 2020 with all other variables held at constant on the Group's post-tax profit for the year.

	Increase/(Decrease) in post-tax profit for the year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest rate of bank and other borrowings at variable rates – increase 0.5% (2019:0.5%)	(6,118)	(10,695)
Interest rate of bank and other borrowings at variable rates – decrease 0.5% (2019:0.5%)	6,118	10,695

3.1.2 Credit risk

The Group has no concentrations on credit risk. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), restricted cash, trade and other receivables, amounts due from related parties and financial assets at fair value through profit or loss shown in the consolidated balance sheets.

Cash transactions are limited to high credit quality institutions. Deposits are only placed with reputable banks.

For the trade receivables arising from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 33. The Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

For the trade receivables arising from customers for properties sold or services performed in the ordinary course of business, due to the aging of receivables is mainly within one year, and no bad debt is found in history, the Group considers that the credit risk is immaterial.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

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 considers available reasonable and supportive forward-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 the borrower
- significant increases in credit risk on other financial instruments of 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 accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. The loss allowance provision for the Group's financial assets were not material for the years ended 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(a) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition.

Management has closely monitored the credit qualities and the collectability of trade receivables and considers that the expected credit loss is immaterial with the expected credit loss rate being close to zero. No loss allowance provision is made for trade receivables for the year ended 31 December 2020 (2019: nil).

(b) Other receivables and amounts due from related parties

Other financial assets at amortised cost include other receivables from third parties and amounts due from related parties.

For amounts due from related parties that are receivable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting dates, the expected credit loss is likely to be immaterial. For other categories of other receivables have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

The loss allowance provision for other receivables from third parties as at 31 December 2020 reconcile to the opening loss allowance for that provision as follows:

	Other receivables	
	2020 RMB'000	2019 RMB'000
Opening loss allowance as at 1 January	883	647
Increase in loss allowance recognised in profit or loss during the year	873	236
Closing loss allowance as at 31 December	1,756	883

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) *Other receivables and amounts due from related parties (continued)*

For the years ended 31 December 2020 and 2019, the provision for loss allowance were recognised in profit or loss in “net impairment losses on financial assets” in relation to the impaired other receivables.

For the year ended 31 December 2020, the average expected loss rate on the gross carrying amount of other receivables excluding deposits for acquisitions of land use rights and property development projects was 1% (2019: 2%). Expected loss of deposits for acquisitions of land use rights and property development projects was not material during the years ended 31 December 2020 and 2019 as there was no recent history of default and management considered the credit risk is low.

As at 31 December 2020 and 2019, the maximum exposure to loss of other receivables from third parties and related parties were the carrying amounts.

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through contract liabilities and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholder and related parties. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk (continued)

The table below sets out the Group's financial liabilities by relevant maturity grouping at each statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Bank and other borrowings	1,681,808	703,556	720,651	423,203	3,529,218
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	1,570,701	–	–	–	1,570,701
Lease liabilities	8,315	6,520	13,240	134,586	162,661
Guarantee in respect of mortgage facilities for certain purchasers	1,341,643	–	–	–	1,341,643
	4,602,467	710,076	733,891	557,789	6,604,223

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2019					
Bank and other borrowings	2,093,576	409,060	857,936	317,026	3,677,598
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	1,308,392	–	–	–	1,308,392
Amounts due to related parties	50,000	–	–	–	50,000
Lease liabilities	6,870	4,646	13,423	138,557	163,496
Guarantee in respect of mortgage facilities for certain purchasers	1,075,944	–	–	–	1,075,944
	4,534,782	413,706	871,359	455,583	6,275,430

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner or sell assets to reduce debt.

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Total borrowings	3,111,805	3,303,024
Less: cash and cash equivalents restricted cash	(2,037,665) (323,779)	(956,933) (1,019,118)
Net debts	750,361	1,326,973
Total equity	4,453,051	2,819,409
Net gearing ratio	16.9%	47.1%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Financial instruments by category

	At 31 December 2020	
	Assets at	Total
	amortised cost RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Trade and other receivables (excluding prepayments)	170,196	170,196
Amounts due from related parties	123,123	123,123
Restricted cash	323,779	323,779
Cash and cash equivalents	2,037,665	2,037,665
Total	2,654,763	2,654,763

	At 31 December 2019	
	Assets at	Total
	amortised cost RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Trade and other receivables (excluding prepayments)	326,366	326,366
Amounts due from related parties	7,759	7,759
Restricted cash	1,019,118	1,019,118
Cash and cash equivalents	956,933	956,933
Total	2,310,176	2,310,176

	At 31 December 2020	
	Liabilities at	Total
	amortised cost RMB'000	RMB'000
Liabilities as per consolidated statement of financial position		
Bank and other borrowings	3,111,805	3,111,805
Lease liabilities	68,730	68,730
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	1,570,701	1,570,701
Total	4,751,236	4,751,236

	At 31 December 2019	
	Liabilities at	Total
	amortised cost RMB'000	RMB'000
Liabilities as per consolidated statement of financial position		
Bank and other borrowings	3,303,024	3,303,024
Amounts due to related parties	50,000	50,000
Lease liabilities	66,664	66,664
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	1,308,392	1,308,392
Total	4,728,080	4,728,080

(All amounts in RMB Yuan thousands unless otherwise stated)

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimates for net realisable value of 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 value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference, to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there was no material impairment for properties under development and completed properties held for sale as at 31 December 2020 and 2019.

(b) Fair value of investment properties

The Group assesses the fair value of its investment properties based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The fair value gains from investment properties are disclosed in Note 20.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(c) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. 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 tax provision in the year in which such determination is made.

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

(d) PRC land appreciation tax (“LAT”)

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to LAT in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its properties projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised LAT 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.

(e) Impairment of financial assets

The loss allowances for financial assets are 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. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.

5 Revenue and segment information

(a) Description of segments and principal activities

The executive directors, as the CODM of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised into four business segments: property development and sales, commercial property investment, hotel operations and property management.

As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC, and the Group’s consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2020 is as follows:

	Property development and sales	Commercial property investment	Hotel operations	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	2,248,822	–	61,929	32,856	2,343,607
Recognised at a point in time	2,248,822	–	–	–	2,248,822
Recognised over time	–	–	61,929	32,856	94,785
Revenue from other sources: rental income	–	30,126	–	–	30,126
Inter-segment revenue	–	(11,565)	(539)	(14,565)	(26,669)
Revenue from external customers	2,248,822	18,561	61,390	18,291	2,347,064
Gross profit	899,085	16,339	(802)	(1,886)	912,736
Selling and marketing expenses					(124,629)
Administrative expenses					(140,958)
Net impairment losses on financial assets					(873)
Other income					15,826
Other expenses					(4,105)
Other gains – net					86,721
Finance costs – net					(13,279)
Share of results of joint ventures (Note 16)	(2,457)	–	–	–	(2,457)
Share of results of an associate (Note 17)	55,528	–	–	–	55,528
Profit before income tax					784,510
Income tax expense					(306,113)
Profit for the year					478,397
Depreciation and amortisation	12,825	–	14,808	133	27,766
Fair value gains on investment properties – net (Note 20)	–	68,042	–	–	68,042
Segment assets	10,126,260	289,252	363,964	6,727	10,786,203
Segment assets include:					
Investment in joint ventures (Note 16)	24,543	–	–	–	24,543
Investment in an associate (Note 17)	84,200	–	–	–	84,200
Addition to non-current assets (other than financial instruments and deferred income tax assets)	14,560	–	2,799	246	17,605
Segment liabilities	2,811,114	6,912	20,124	9,840	2,847,990

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2019 is as follows:

	Property development and sales RMB'000	Commercial property investment RMB'000	Hotel operations RMB'000	Property management RMB'000	Total RMB'000
Segment revenue	2,290,345	–	74,449	24,990	2,389,784
Recognised at a point in time	2,290,345	–	–	–	2,290,345
Recognised over time	–	–	74,449	24,990	99,439
Revenue from other sources: rental income	–	36,312	–	–	36,312
Inter-segment revenue	–	(12,093)	(616)	(10,577)	(23,286)
Revenue from external customers	2,290,345	24,219	73,833	14,413	2,402,810
Gross profit	1,124,259	20,389	3,385	(3,801)	1,144,232
Selling and marketing expenses					(131,046)
Administrative expenses					(162,938)
Net impairment losses on financial assets					(236)
Other income					3,731
Other expenses					(3,098)
Other gains – net					61,021
Finance income – net					1,386
Share of results of a joint venture (Note 16)	(158)	–	–	–	(158)
Share of results of an associate (Note 17)	(1,387)	–	–	–	(1,387)
Profit before income tax					911,507
Income tax expense					(416,590)
Profit for the year					494,917
Depreciation and amortisation	13,923	–	15,869	51	29,843
Fair value gains on investment properties – net (Note 20)	–	3,428	–	–	3,428
Segment assets	8,538,314	198,298	348,250	2,096	9,086,958
Segment assets include:					
Investment in an associate (Note 17)	29,653	–	–	–	29,653
Addition to non-current assets (other than financial instruments and deferred income tax assets)	17,299	–	662	129	18,090
Segment liabilities	2,637,528	3,196	18,907	10,418	2,670,049

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance (continued)

(i) Segment assets

The amounts provided to the executive directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets are not considered to be segment assets but rather are managed on a central basis.

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Segment assets	10,786,203	9,086,958
Unallocated:		
– Deferred income tax assets	100,234	126,131
Total assets	10,886,437	9,213,089

(ii) Segment liabilities

The amounts provided to the executive directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's current and deferred income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Segment liabilities	2,847,990	2,670,049
Unallocated:		
– Current income tax liabilities	348,822	234,465
– Deferred income tax liabilities	124,769	186,142
– Short-term borrowings and current portion of long-term borrowings	1,542,827	1,923,102
– Long-term borrowings	1,568,978	1,379,922
Total liabilities	6,433,386	6,393,680

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(c) Assets and liabilities related to contracts with customers

- (i) The Group has recognised the following assets related to contracts with customers:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Sale commissions	18,746	23,148

Management expects the incremental costs, only including sale commissions, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the year ended 31 December 2020, the amount of amortisation was RMB64,155,000 (2019: RMB76,180,000). There was no impairment loss in relation to the costs capitalised.

- (ii) The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Contract liabilities related to sales of properties	1,029,559	1,109,683
Contract liabilities related to others	6,442	6,080
	1,036,001	1,115,763

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows how much of the revenue recognised for the year ended 31 December 2020 related to carried-forward contract liabilities:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of properties	926,909	1,882,148
Others	6,080	6,865
	932,989	1,889,013

- (iii) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as at 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

6 Expenses by nature

Expenses by nature included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	1,318,390	1,128,901
Employee benefit expenses (including directors' emoluments) (Note 10)	140,251	147,799
Employee benefit expenditure – including directors' emoluments	158,331	166,570
Less: capitalised in properties under development	(18,080)	(18,771)
Commission fees	64,155	76,180
Hotel operations expenses	33,088	29,417
Business taxes and other levies	20,157	20,225
Advertising costs	40,447	39,874
Entertainment expenses	17,746	19,265
Depreciation and amortisation of intangible assets and right-of-use assets	27,766	29,843
Listing expenses	–	23,546
Office and travelling expenses	10,938	11,283
Auditor's remuneration	4,500	2,800
– Audit services	3,700	2,800
– Non-audit services	800	–
Property management fees	5,509	7,596
Others	16,968	15,833
Total	1,699,915	1,552,562

7 Other income

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Government grants	8,425	32
Forfeited customer deposits	1,127	533
Others	6,274	3,166
Total	15,826	3,731

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

8 Other expenses

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Donations	3,784	1,376
Others	321	1,722
	4,105	3,098

9 Other gains – net

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest on financial assets at fair value through profit or loss	3,844	1,832
Gains on disposals of property, plant and equipment	157	199
Fair value gains on investment properties (<i>Note 20</i>)	68,042	3,428
Gains on disposal of subsidiaries (<i>Note 38</i>)	151	59,706
Net foreign exchange gain/(losses)	14,527	(4,144)
	86,721	61,021

10 Employee benefit expenses

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Wages, salaries and bonuses and other benefits	154,958	156,812
Pension costs – statutory pension	3,373	9,758
	158,331	166,570
Less: capitalised in properties under development	(18,080)	(18,771)
	140,251	147,799

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

10 Employee benefit expenses (continued)

(a) Pensions scheme – defined contribution 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 employee salary to the scheme to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group were all directors (2019: five), whose emoluments are reflected in the analysis in Note 40.

During the years ended 31 December 2020 and 2019, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 Finance costs/(income) – net

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Finance costs		
– Interest expense on bank and other borrowings	269,124	130,413
– Interest expense on leases	3,261	2,983
– Net exchange gains on foreign currency borrowings	(2,886)	–
Less:		
– Interest capitalised	(235,007)	(119,177)
	34,492	14,219
Finance income		
– Interest income from bank deposits	(21,213)	(15,605)
Finance costs/(income) – net	13,279	(1,386)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Income tax expense

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current income tax:		
– Corporate income tax	103,269	161,768
– Land appreciation tax	129,032	235,356
	232,301	397,124
Deferred income tax:		
– Corporate income tax	75,701	25,849
– Land appreciation tax	(1,889)	(6,383)
	73,812	19,466
	306,113	416,590

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the group entities as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	784,510	911,507
Calculated at tax rate of 25%	196,128	227,877
Effects of:		
– Different tax rates available to different subsidiaries of the Group	8,176	4,287
– Land appreciation tax deductible for PRC corporate income tax purposes	(31,786)	(57,243)
– Expenses and development costs not deductible for tax purposes	19,716	12,696
– Income not subject to tax	(13,264)	–
– Land appreciation tax	127,143	228,973
Income tax expense	306,113	416,590

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate can be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Income tax expense (continued)

(b) PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company’s subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the year ended 31 December 2020 (2019: nil).

13 Earnings per share

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued to capitalisation of loan due to ultimate controlling shareholder on 12 November 2019 and the capitalisation issue on 13 November 2019, were deemed to be issued on 1 January 2018 as if the Company has been incorporated by then.

	As at 31 December	
	2020	2019
Profit attribute to owners of the Company (RMB'000)	485,203	501,517
Weighted average number of ordinary shares in issue (in thousand)	1,646,173	1,228,999
Earnings per share – basic (RMB per share)	0.29	0.41
Earnings per share – diluted (RMB per share)	0.29	0.41

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

14 Dividend

The dividends paid in 2020 consist of (i) the payment of the 2019 final cash dividend of RMB9.14 cents per ordinary share totalling RMB150,460,000 (equivalent to HK\$163,630,000), and (ii) 2020 interim cash dividend of RMB3.59 cents per ordinary share totalling RMB59,098,000 (equivalent to HK\$66,012,000).

A final dividend in respect of the year ended 31 December 2020 of RMB6.73 cents per ordinary share, amounting to a total dividend of RMB110,787,000, is to be proposed at the annual general meeting on 27 May 2021. These financial statements do not reflect this dividend payable.

15 Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deferred income tax assets		
– to be realised within 12 months	81,137	63,134
– to be realised after more than 12 months	19,097	62,997
	100,234	126,131
Deferred income tax liabilities		
– to be realised within 12 months	–	–
– to be realised after more than 12 months	124,769	186,142
	(24,535)	(60,011)

(a) Deferred income tax assets

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Beginning of the year	130,187	132,350
Recognised in profit or loss	(6,462)	(2,113)
Disposal of subsidiaries	(19,699)	(50)
End of year	104,026	130,187
Offsetting with deferred income tax liabilities	(3,792)	(4,056)
Net deferred income tax assets	100,234	126,131

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Deferred income tax (continued)

(a) Deferred income tax assets (continued)

Movement of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Tax losses	Deductible temporary differences of expenses and cost of sales	Temporary difference in sales recognition and related cost of sales	Elimination of unrealised profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	29,915	3,452	86,571	12,412	132,350
Recognised in profit or loss	29,257	10,241	(53,759)	12,148	(2,113)
Disposal of a subsidiary	(50)	–	–	–	(50)
At 31 December 2019	59,122	13,693	32,812	24,560	130,187
Recognised in profit or loss	(14,113)	8,296	(18,793)	18,148	(6,462)
Disposal of a subsidiary	(19,699)	–	–	–	(19,699)
At 31 December 2020	25,310	21,989	14,019	42,708	104,026

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

(b) Deferred income tax liabilities

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Beginning of the year	190,198	40,533
Acquisition of subsidiaries	–	132,312
Disposal of subsidiaries	(128,987)	–
Recognised in profit or loss	67,350	17,353
End of the year	128,561	190,198
Offsetting with deferred income tax assets	(3,792)	(4,056)
Net deferred income tax liabilities	124,769	186,142

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Deferred income tax (continued)

(b) Deferred income tax liabilities (continued)

Movement of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Fair value gains on investment properties	Excess of carrying amounts of completed properties held for sale over the tax bases	Interest capitalisation	Revaluation surplus arising from business combinations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	25,801	–	14,732	–	40,533
Acquisition of a subsidiary	–	6,715	–	125,597	132,312
Recognised in profit or loss	857	1,999	20,880	(6,383)	17,353
At 31 December 2019	26,658	8,714	35,612	119,214	190,198
Disposal of a subsidiary	–	(11,661)	–	(117,326)	(128,987)
Recognised in profit or loss	17,009	2,947	49,282	(1,888)	67,350
At 31 December 2020	43,667	–	84,894	–	128,561

As at 31 December 2020, deferred income tax liabilities of RMB143,507,000 (2019: RMB110,094,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries incorporated in the PRC. Unremitted earnings totalled RMB1,435,074,000 as at 31 December 2020 (2019: RMB1,100,937,000), as the Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

16 Investment in joint ventures

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Opening balances	–	20,559
Additions	27,000	–
Share of results	(2,457)	(158)
Disposals	–	(20,401)
Ending balances	24,543	–

- (a) The Group's interest in joint ventures is accounted using equity method. The aggregate amount of the Group's share of loss from joint venture for the year ended 31 December 2020 was RMB2,457,000 (2019: RMB158,000). As at 31 December 2020, the Group's shares of losses of certain joint ventures exceeds its interests in the underlying entities, and the unrecognised share of losses of the joint ventures amounted to RMB1,715,000 (31 December 2019: nil).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investment in joint ventures (continued)

(b) Nature of investment in joint ventures as at 31 December 2020:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December		
			2020	2019	
Guangzhou Xinze Jiyong Real Estate Development Co., Ltd ("Guangzhou Xinze") 廣州鑫澤集永房地產開發有限公司	PRC	Property development	51%	N/A	Equity
Zhongshan Jingyue Investment Co., Ltd. ("Zhongshan Jingyue") 中山市景悅投資有限公司	PRC	Property development	50%	N/A	Equity

(c) As at 31 December 2020 and 2019, there were no significant contingencies relating to the Group's interests in the joint ventures.

(d) **Summarised financial information for joint ventures**

Set out below is the summarised financial information for Guangzhou Xinze:

Summarised balance sheet

	As at 31 December 2020 RMB'000
Non-current assets	–
Current assets	
Cash and cash equivalents	46,458
Trade and other receivables and prepayments	553,399
Property under development	27,788
Total assets	627,645
Non-current liabilities	385,000
Current liabilities	194,522
Total liabilities	579,522
Net assets	48,123
The Group's share in %	51%
Carrying amount	24,543

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investment in joint ventures (continued)

(d) Summarised financial information for joint ventures (continued)

Summarised statements of comprehensive income

	Year ended 31 December 2020 RMB'000
Administrative expenses	(1,895)
Interest income	18
Loss for the year	(1,877)
Total comprehensive loss for the year	(1,877)

Set out below is the summarised financial information for Zhongshan Jingyue:

Summarised balance sheets

	As at 31 December 2020 RMB'000
Non-current assets	20,131
Current assets	
Cash and cash equivalents	27,234
Trade and other receivables	76,570
Completed properties held for sale	803,970
Total assets	927,905
Non-current liabilities	875,154
Current liabilities	56,181
Total liabilities	931,335
Net assets	(3,430)
The Group's share in %	50%
Carrying amount	(1,715)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investment in joint ventures (continued)

(d) Summarised financial information for joint ventures (continued)

Summarised statements of comprehensive income

	Year ended 31 December 2020 RMB'000
Revenue	9,878
Cost of sales	(5,182)
Administrative expenses	(319)
Interest expenses	(10,810)
Other income	4
Loss for the year	(6,429)
Total comprehensive loss for the year	(6,429)

17 Investment in an associate

The movement of investment in an associate is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Opening balances	29,653	35,326
Share of results	55,528	(1,387)
Elimination of unrealised profits	(981)	(4,286)
Ending balances	84,200	29,653

(a) Nature of investment in an associate as at 31 December 2020:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December 2020	2019	
Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. ("Donghuzhou") 廣州市南沙東湖洲房地產有限公司	PRC	Property development	30%	30%	Equity

(b) As at 31 December 2020 and 2019, there were no significant contingencies relating to the Group's interests in the associate.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

17 Investment in an associate(continued)

(c) Summarised financial information for an associate

Set out below is the summarised financial information for Donghuzhou:

Summarised balance sheets

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Non-current assets	–	–
Properties under development	363,487	534,564
Cash and cash equivalents	180,418	53,863
Trade and other receivables and prepayments	30,101	172,859
Current assets	574,006	761,286
Total assets	574,006	761,286
Bank and other borrowings	–	138,000
Current liabilities	293,341	524,442
Total liabilities	293,341	662,442
Net assets	280,665	98,844
The Group's share in %	30%	30%
Carrying amount	84,200	29,653

Summarised statement of comprehensive income

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Revenue	713,672	–
Cost of sales	(304,951)	–
Gross profit	408,721	–
Administrative expenses	(304)	(989)
Selling expenses	(16,126)	(4,028)
Finance (costs)/income	(4,723)	257
Other income	107	207
Other expenses	(565)	(70)
Profit/(loss) for the year	387,110	(4,623)
Income tax expense	(202,017)	–
Total comprehensive income/(loss) for the year	185,093	(4,623)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

18 Property, plant and equipment

	Buildings	Vehicles and machinery	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019				
Cost	347,662	10,617	10,200	368,479
Accumulated depreciation	(29,087)	(3,072)	(5,483)	(37,642)
Net book amount	318,575	7,545	4,717	330,837
Year ended 31 December 2019				
Opening net book amount	318,575	7,545	4,717	330,837
Additions	–	5,838	2,021	7,859
Disposals	–	(65)	(195)	(260)
Depreciation	(13,004)	(2,473)	(2,734)	(18,211)
Exchange difference	–	29	10	39
Closing net book amount	305,571	10,874	3,819	320,264
At 31 December 2019				
Cost	347,662	16,419	12,036	376,117
Accumulated depreciation	(42,091)	(5,545)	(8,217)	(55,853)
Net book amount	305,571	10,874	3,819	320,264
Year ended 31 December 2020				
Opening net book amount	305,571	10,874	3,819	320,264
Additions	492	4,389	4,395	9,276
Disposals	–	(117)	(30)	(147)
Transfer to investment properties	(10,077)	–	–	(10,077)
Depreciation	(13,197)	(2,723)	(1,304)	(17,224)
Exchange difference	–	(274)	(11)	(285)
Closing net book amount	282,789	12,149	6,869	301,807
At 31 December 2020				
Cost	330,863	19,867	16,145	366,875
Accumulated depreciation	(48,074)	(7,718)	(9,276)	(65,068)
Net book amount	282,789	12,149	6,869	301,807

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

18 Property, plant and equipment (continued)

Depreciation of the property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Selling and marketing expenses	309	239
Administrative expenses	3,339	3,576
Cost of sales	13,417	14,180
	17,065	17,995
Properties under development	159	216
	17,224	18,211

As at 31 December 2020, the following net book amount of buildings were pledged as collateral for the Group's bank and other borrowings:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Buildings	260,917	300,091

As at 31 December 2020, buildings mainly comprised of hotels of RMB260,917,000 (2019: RMB272,752,000) which are located in the PRC.

19 Right-of-use assets

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Lands (Note (a))	245,876	249,268
Buildings	12,320	11,109
	258,196	260,377

(a) The amounts mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

19 Right-of-use assets (continued)

- (b) The movement of right-of-use assets is shown in the table below for the years ended 31 December 2020 and 2019:

	Lands RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2019			
Cost	264,869	17,300	282,169
Accumulated amortisation	(9,091)	(10,375)	(19,466)
Net book amount	255,778	6,925	262,703
Year ended 31 December 2019			
Opening net book amount	255,778	6,925	262,703
Additions	663	7,735	8,398
Amortisation	(7,173)	(3,576)	(10,749)
Exchange difference	–	25	25
Closing net book amount	249,268	11,109	260,377
At 31 December 2019			
Cost	265,532	25,060	290,592
Accumulated amortisation	(16,264)	(13,951)	(30,215)
Net book amount	249,268	11,109	260,377
Year ended 31 December 2020			
Opening net book amount	249,268	11,109	260,377
Additions	2,640	5,007	7,647
Amortisation	(6,032)	(3,848)	(9,880)
Exchange difference	–	52	52
Closing net book amount	245,876	12,320	258,196
At 31 December 2020			
Cost	268,172	30,119	298,291
Accumulated amortisation	(22,296)	(17,799)	(40,095)
Net book amount	245,876	12,320	258,196

- (c) As at 31 December 2020, lands with net book value of RMB13,263,000 (2019: RMB13,865,000), were pledged as collateral for the Group's bank and other borrowings (Note 30).
- (d) Amortisation of the right-of-use assets has been charged to profit or loss or capitalised in assets under construction as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Administrative expenses	9,030	9,982
Cost of sales	850	767
	9,880	10,749

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

20 Investment properties

	As at 31 December 2020		
	Completed investment properties	Investment properties under construction	Total
	RMB'000	RMB'000	RMB'000
Opening net book value	187,703	–	187,703
Transfer from properties under development	–	15,489	15,489
Transfer from properties held for sale	7,941	–	7,941
Transfer from property, plant and equipment	–	10,077	10,077
Fair value gains – net	39,418	28,624	68,042
Closing net book value	235,062	54,190	289,252

	As at 31 December 2019		
	Completed investment properties	Investment properties under construction	Total
	RMB'000	RMB'000	RMB'000
Opening net book value	184,275	–	184,275
Fair value gains – net	3,428	–	3,428
Closing net book value	187,703	–	187,703

As at 31 December 2020, investment properties of RMB197,902,000 (2019: RMB187,703,000) were pledged as collateral for the Group's bank and other borrowings (Note 30).

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Rental income	7,432	9,584
Direct operating expenses from investment properties that generate rental income	(1,078)	(1,265)
	6,354	8,319

The investment properties are located in the PRC and are held on leases of between 40 to 50 years.

(All amounts in RMB Yuan thousands unless otherwise stated)

20 Investment properties (continued)

(a) Fair value hierarchy

An independent valuation of the Group's completed investment properties and investment properties under construction were performed by the independent and professionally qualified valuer to determine the fair value of the investment properties as at 31 December 2020 and 2019. The revaluation gains or losses are included in 'Other gains – net' in the consolidated statements of comprehensive income.

As at 31 December 2020 and 2019, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy (Note 2.9). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers in or out of fair value hierarchy levels for the year ended 31 December 2020 and 2019.

(b) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2020 and 2019 by independent and professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months for the years ended 31 December 2020 and 2019.

At each financial year end, the financial department:

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

(c) Valuation techniques

Fair value of completed investment properties of retail properties and investment properties under construction of buildings are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation 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.

Fair values of lands are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

20 Investment properties (continued)

(c) Valuation techniques (continued)

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

There were no changes to the valuation techniques for the year ended 31 December 2020.

	Property category	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	187,703,000	Term and reversionary method	Market rents (RMB/square metre)	114-227	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the yields, the lower the fair value

	Property category	Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	176,712,000	Term and reversionary method	Market rents (RMB/square metre)	115-229	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the yields, the lower the fair value
	Retail properties	58,350,000	Term and reversionary method	Market rents (RMB/square metre)	117-124	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.00%	The higher the yields, the lower the fair value
Investment properties under construction	Land	33,000,000	Direct comparison	Market price (RMB/square metre)	1,960	The higher the market price, the higher the fair value
	Land	6,000,000	Direct comparison	Market price (RMB/square metre)	2,593	The higher the market price, the higher the fair value
	Buildings	15,190,000	Term and reversionary method	Market rents (RMB/square metre)	27	The higher the market price, the higher the fair value
Term and reversionary yields				5.00%	The higher the yields, the lower the fair value	

As at 31 December 2020 and 2019, the period of leases whereby the Group leases out its investment properties held in the PRC were between 1 to 8 years.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

21 Intangible assets

	Computer software
	RMB'000
Year ended 31 December 2019	
Opening net book amount	1,854
Additions	1,833
Disposal	(6)
Amortisation	(1,099)
Closing net book amount	2,582
At 31 December 2019	
Cost	4,688
Accumulated amortisation	(2,106)
Net book amount	2,582
Year ended 31 December 2020	
Opening net book amount	2,582
Additions	682
Disposal	–
Amortisation	(821)
Closing net book amount	2,443
At 31 December 2020	
Cost	5,370
Accumulated amortisation	(2,927)
Net book amount	2,443

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

22 Properties under development

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Properties under development expected to be completed:		
– Land use rights	2,494,833	2,595,003
– Contractual rights of land (Note (a))	345,086	256,732
– Construction costs	656,496	963,761
– Interests capitalised	218,123	139,519
	3,714,538	3,955,015

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations in 2017, which will be transferred to land use rights in near future.
- (b) Properties under development are located in the PRC and expected to be completed, and available for sale within normal operating cycle.
- (c) The capitalisation rates of borrowings is 5.95% (2019: 5.90%) for the year ended 31 December 2020.
- (d) As at 31 December 2020, properties under development with net book value of RMB965,675,000 (2019: RMB1,016,776,000), were pledged as collateral for the Group's bank and other borrowings (Note 30).

23 Completed properties held for sale

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	342,825	128,967
Construction costs	1,273,617	758,061
Interest capitalised	63,810	54,763
	1,680,252	941,791
Completed properties held for sale acquired	–	830,343
	1,680,252	1,772,134

The completed properties held for sale are all located in the PRC.

As at 31 December 2020, completed properties held for sale with net book value of RMB927,913,000 (2019: RMB1,095,440,000), were pledged as collateral for the Group's bank and other borrowings (Note 30).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

24 Trade and other receivables and prepayments

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Included in current assets:		
Trade receivables – third parties (Note (a))	6,224	7,552
Other receivables – third parties (Note (b))	165,728	319,697
Prepayments for acquisition of land use rights (Note (c))	1,625,200	132,854
Other prepayments (Note (d))	49,713	34,445
	1,846,865	494,548
Less: non-current portion	(13,805)	(12,929)
Less: impairment	(1,756)	(883)
	1,831,304	480,736

As at 31 December 2020 and 2019, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2020, trade receivables with net book value of RMB1,206,000 (2019: RMB1,190,000) were pledged as collateral for the Group's bank and other borrowings (Note 30).

(a) Details of trade receivables are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade receivables – third parties	6,224	7,552
Less: allowance for impairment	–	–
Trade receivables – net	6,224	7,552

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	6,224	7,552
Over 1 year	–	–
	6,224	7,552

Trade receivables mainly arise from rental income, sales of properties and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements.

Management has closely monitored the credit qualities and the collectability of trade receivables and considers that the expected credit loss is immaterial with the expected credit loss rate being close to zero. No loss allowance provision is made for trade receivables for the year ended 31 December 2020 (2019: nil).

The Group's trade receivables are denominated in RMB.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

24 Trade and other receivables and prepayments (continued)

(b) Details of other receivables are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deposits for acquisition of land use rights	95,305	275,419
Others	70,423	44,278
	165,728	319,697
Less: allowance for impairment	(1,756)	(883)
Other receivables – net	163,972	318,814

(c) Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

(d) Details of other prepayments are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Prepayments for property development projects	20,392	12,668
Prepaid business taxes and other taxes	3,130	4,274
Others	26,191	17,503
Other prepayment	49,713	34,445

25 Prepaid taxes

Details of prepaid taxes are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Corporate income taxes	53,188	15,626
Land appreciation taxes	14,865	10,334
Value added taxes	12,987	31,002
	81,040	56,962

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

26 Restricted cash

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Guarantee deposits for construction of pre-sold properties (<i>Note (a)</i>)	115,699	87,171
Guarantee deposits for borrowings (<i>Note (b)</i>)	197,276	930,558
Others	10,804	1,389
	323,779	1,019,118
Denominated in:		
– RMB	120,839	88,560
– US\$	196,726	437,879
– HK\$	6,214	492,679
	323,779	1,019,118

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

- (a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.
- (b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

As at 31 December 2020, the Group has placed cash deposits of approximately RMB197,276,000 (2019: RMB930,558,000) with designated banks as security for bank borrowings (Note 30).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

27 Cash and cash equivalents

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Cash at bank and in hand	2,361,444	1,976,051
Less: restricted cash	(323,779)	(1,019,118)
Cash and cash equivalents	2,037,665	956,933

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Denominated in RMB	1,515,595	306,878
Denominated in HK\$	246,962	612,592
Denominated in US\$	275,108	37,463
	2,037,665	956,933

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 regulations of foreign exchange control promulgated by the PRC government.

28 Share capital

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 31 December 2020 and 2019	2,500,000,000			
Issued and fully paid				
As at 31 December 2020 and 2019	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

29 Other reserves and retained earnings

	Combined reserves	Statutory reserve	Exchange difference	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	43,810	51,017	(32,184)	62,643	486,661	549,304
Profit for the year	-	-	-	-	501,517	501,517
Transfer to statutory reserves	-	49,172	-	49,172	(49,172)	-
Capitalisation of loan due to ultimate controlling shareholder	461,995	-	-	461,995	-	461,995
Issue of shares in connection with the capitalisation issue	(10,749)	-	-	(10,749)	-	(10,749)
Issue of shares in connection with the Company's listing	1,258,969	-	-	1,258,969	-	1,258,969
Share issuance cost	(27,429)	-	-	(27,429)	-	(27,429)
Other comprehensive loss	-	-	(29,399)	(29,399)	-	(29,399)
Balance at 31 December 2019	1,726,596	100,189	(61,583)	1,765,202	939,006	2,704,208
Balance at 1 January 2020	1,726,596	100,189	(61,583)	1,765,202	939,006	2,704,208
Profit for the year	-	-	-	-	485,203	485,203
Transfer to statutory reserves	-	30,417	-	30,417	(30,417)	-
Other comprehensive income	-	-	40,644	40,644	-	40,644
Dividends paid	-	-	-	-	(209,558)	(209,558)
Balance at 31 December 2020	1,726,596	130,606	(20,939)	1,836,263	1,184,234	3,020,497

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

30 Bank and other borrowings

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Bank borrowings	2,138,581	3,096,995
Senior notes (Note (a))	973,224	–
Loans from a third party	–	206,029
	3,111,805	3,303,024
Included in non-current liabilities:		
– Secured (Notes (c) & (d))	1,547,514	1,595,888
– Unsecured (Note (d))	590,567	–
Less: current portion of non-current liabilities	(569,103)	(215,966)
	1,568,978	1,379,922
Included in current liabilities:		
– Secured (Notes (c) & (d))	500	703,862
– Unsecured (Note (d))	973,224	1,003,274
Add: current portion of non-current liabilities	569,103	215,966
	1,542,827	1,923,102
Total borrowings	3,111,805	3,303,024

- (a) The Company issued senior notes in an aggregate principal amount of US\$150,000,000 in Hong Kong on 10 March 2020 (the “2020 Notes”). The interest rate of the 2020 Notes is fixed at 7.5% per annum. The 2020 Notes have matured on 9 March 2021, and are puttable for early redemption at the principal amount at any time prior to 9 March 2021. The 2020 Notes were listed on the Stock Exchange on 11 March 2020.

The net proceeds, after deducting the issuance costs, amounted to US\$148,395,000 (equivalent to approximately RMB1,029,715,000).

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (b) As at 31 December 2020, the Group's borrowings were denominated in following currencies:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
RMB	1,550,014	1,807,071
HK\$	588,567	1,495,953
US\$	973,224	–
	3,111,805	3,303,024

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

30 Bank and other borrowings (continued)

- (c) As at 31 December 2020, bank and other borrowings totalling RMB1,548,014,000 (2019: RMB2,299,750,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Lands	13,263	13,865
Property, plant and equipment	260,917	300,091
Investment properties	197,902	187,703
Properties under development	965,675	1,016,776
Completed properties held for sale	927,913	1,095,440
Trade receivables	1,206	1,190
Restricted cash	197,276	930,558
	2,564,152	3,545,623

- (d) The Group's unsecured borrowings of RMB1,563,791,000 (2019: RMB555,384,000) as at 31 December 2020 were guaranteed by certain subsidiaries or the ultimate controlling shareholder.

The Group's secured borrowings of RMB1,548,014,000 (2019: RMB2,226,150,000) as at 31 December 2020 were guaranteed by the Company, certain subsidiaries or the ultimate controlling shareholder.

- (e) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Less than 1 year	2,855,805	1,923,102
1-5 years	256,000	1,126,479
Over 5 years	–	253,443
	3,111,805	3,303,024

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

30 Bank and other borrowings (continued)

(f) The repayment terms of the borrowings were as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	1,542,827	1,923,102
1 to 2 years	627,049	329,386
2 to 5 years	615,264	797,092
Over 5 years	326,665	253,444
	3,111,805	3,303,024

(g) The annual weighted average effective interest rates were as follows:

	As at 31 December	
	2020	2019
Bank and other borrowings	6.20%	6.43%
Senior notes	8.48%	–

(h) The carrying amounts of the borrowings approximate their fair values as at 31 December 2020 and 2019 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

31 Trade and other payables

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade payables (Note (a))	810,620	888,864
Notes payable	105,171	156,369
Amounts due to non-controlling interests	422,575	62,123
Outstanding consideration payables for acquisitions	46,995	52,809
Contract liabilities (Note 5)	1,036,001	1,115,763
Deposits payables (Note (b))	43,928	54,243
Accrued expenses	40,223	37,240
Salaries payable	43,467	52,944
Other taxes payable	129,091	76,286
Interest payable	27,242	6,282
Other payables (Note (c))	73,947	50,462
	2,779,260	2,553,385

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

31 Trade and other payables (continued)

(a) Aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 90 days	438,381	508,758
Over 90 days and within 365 days	208,556	280,135
Over 365 days	163,683	99,971
	810,620	888,864

The Group's trade payables as at 31 December 2020 is denominated in RMB, US\$ and HK\$.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
RMB	809,557	884,962
US\$	919	2,192
HK\$	144	1,710
	810,620	888,864

- (b) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.
- (c) Other payables mainly represent payables to third parties and maintenance funds, which are unsecured, interest free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

32 Cash flow information

(a) Cash used in operations:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit for the year	478,397	494,917
Adjustments for:		
Income tax expense	306,113	416,590
Finance income	(21,213)	(15,605)
Finance costs	37,378	14,219
Depreciation and amortisation of intangible assets and right-of-use assets (Note 6)	27,766	29,843
Share of results of an associate	(55,528)	1,387
Share of results of joint ventures	2,457	158
Fair value gains on investment properties (Note 9)	(68,042)	(3,428)
Interest of financial assets at fair value through profit or loss (Note 9)	(3,844)	(1,832)
Gains on disposal of subsidiaries (Note 9)	(151)	(59,706)
Provision for impairment of other receivables	873	236
Gains on disposals of property, plant and equipment (Note 9)	(157)	(199)
Net exchange differences	(17,413)	4,144
Elimination of unrealised profits	981	4,286
	687,617	885,010
Changes in working capital:		
Properties under development and completed properties held for sale and inventories	(262,614)	(957,732)
Restricted cash	(58,578)	(32,575)
Trade and other receivables and prepayments	(1,455,356)	(407,677)
Amount due from related parties – trade balance	(4,027)	(1,401)
Prepaid taxes (excluding prepaid income taxes)	19,159	49,841
Contract costs	4,402	24,597
Trade and other payables	(46,992)	(716,300)
Amount due to related parties – trade balance	(50,000)	45,097
	(1,854,006)	(1,996,150)
Cash used in operations	(1,166,389)	(1,111,140)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

32 Cash flow information (continued)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment and intangible assets comprise:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Property, plant and equipment and intangible assets		
Net book amount (<i>Notes 18 & 21</i>)	147	266
Gains on disposals (<i>Note 9</i>)	157	199
Proceeds	304	465

- (c) Reconciliation of liabilities arising from financing activities:

	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Amounts due to related parties RMB'000	Amounts due to non- controlling interests		Total RMB'000
				Lease liabilities RMB'000	RMB'000	
Balance as at 1 January 2019	439,436	318,656	1,120,133	59,973	303,172	2,241,370
Cash flows-operating activities	-	-	50,000	(2,983)	24,693	71,710
Cash flows-investing activities	-	-	-	-	(265,742)	(265,742)
Cash flows-financing activities	1,267,700	866,292	(615,735)	(1,738)	-	1,516,519
Reclassification	215,966	(215,966)	-	-	-	-
Currency translation differences	-	-	-	31	-	31
Other non-cash movements	-	410,940	(504,398)	11,381	-	(82,077)
Balance as at 31 December 2019	1,923,102	1,379,922	50,000	66,664	62,123	3,481,811
Balance as at 1 January 2020	1,923,102	1,379,922	50,000	66,664	62,123	3,481,811
Cash flows-operating activities	-	-	-	(3,261)	-	(3,261)
Cash flows-financing activities	(949,378)	1,581,706	-	(5,522)	360,452	987,258
Reclassification	569,103	(569,103)	-	-	-	-
Currency translation differences	-	-	-	(59)	-	(59)
Disposal of subsidiaries	-	(823,547)	-	-	-	(823,547)
Other non-cash movements (<i>Note (i)</i>)	-	-	(50,000)	10,908	-	(39,092)
Balance as at 31 December 2020	1,542,827	1,568,978	-	68,730	422,575	3,603,110

- (i) Other non-cash movements mainly comprise: (i) accrued interest expense and lease liabilities, (ii) the amounts due to an associate were settled with revenue recognition arising from rendering of decoration services.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

33 Guarantee

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (Note (a))	1,341,643	1,075,944
Guarantees for borrowings of a joint venture (Note (b))	422,500	–

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of 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. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) As at 31 December 2020, the Group had provided guarantees for borrowings of one of the Group's joint ventures, amounting to RMB422,500,000 (31 December 2019: nil).

34 Commitments

Commitments for property development expenditure:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for:		
Acquisition of land use rights	703,770	–
Property development activities	1,671,392	1,896,976
	2,375,162	1,896,976

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

35 Lease liabilities

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to lease liabilities:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Right-of-use assets	258,196	260,377

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Lease liabilities		
Current	5,122	3,743
Non-current	63,608	62,921
	68,730	66,664

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

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

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Amortisation charge of right-of-use assets	9,880	10,749
Interest expense (included in finance costs)	3,261	2,983

The total cash outflow for leases for the year ended 31 December 2020 was RMB8,783,000 (2019: RMB4,721,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

35 Lease liabilities (continued)

- (c) Commitments and present value of lease liabilities are shown in the table below for the year ended 31 December 2020:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Commitments in relation to lease liabilities are payable as follows:		
Within 1 year	8,315	6,870
1 to 2 years	6,520	4,646
2 to 5 years	13,240	13,423
Over 5 years	134,586	138,557
Minimum lease payments	162,661	163,496
Future finance charges	(93,931)	(96,832)
Total lease liabilities	68,730	66,664

	As at 31 December	
	2020 RMB'000	2019 RMB'000
The present value of lease liabilities is as follows:		
Within 1 year	5,122	3,743
1 to 2 years	3,489	1,605
2 to 5 years	4,805	4,773
Over 5 years	55,314	56,543
	68,730	66,664

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

35 Lease liabilities (continued)

(d) Movements of lease liabilities is shown in the table below for the year ended 31 December 2020:

	Lease liabilities – current RMB'000	Lease liabilities – non-current RMB'000
At 1 January 2019	2,120	57,853
Lease payment	(4,721)	–
Accrued interest	2,983	–
Increase in right-of-use assets	2,365	6,033
Exchange difference	25	6
Reclassification between current and non-current	971	(971)
As at 31 December 2019	3,743	62,921

	Lease liabilities – current RMB'000	Lease liabilities – non-current RMB'000
At 1 January 2020	3,743	62,921
Lease payment	(8,783)	–
Accrued interest	3,261	–
Increase in right-of-use assets	3,617	4,030
Exchange difference	(59)	–
Reclassification between current and non-current	3,343	(3,343)
As at 31 December 2020	5,122	63,608

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Related party transactions

The ultimate holding company of the Company is Sze Ming Limited, and the ultimate controlling shareholder of the Company is CHAN Sze Ming Michael.

(a) Name and relationship with related parties

Name	Relationship
CHAN Sze Ming Michael	Ultimate controlling shareholder
Donghuzhou	Associate of the Group
Guangzhou Xinze	Join venture of the Group
Guangzhou Jingyu Real Estate Development Co., Ltd. 廣州景譽房地產開發有限公司 (“Guangzhou Jingyu”)	Subsidiary of join venture of the Group
Zhongshan Jingyue	Join venture of the Group

(b) Transactions with related parties

The ultimate controlling shareholder of the Company is CHAN Sze Ming Michael, who own 72.9% of the Company's shares.

The Group had the following transactions with related parties for the year ended 31 December 2020:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
(i) Rendering of property management services – Donghuzhou	1,694	1,167
Total	1,694	1,167
(ii) Rendering of management consultancy services – Guangzhou Jingyu – Donghuzhou	726 4,750	– 14,286
Total	5,476	14,286
(iii) Rendering of decoration services – Donghuzhou	45,872	–
Total	45,872	–
(iv) Providing guarantees for borrowings – Zhongshan Jingyue	422,500	–
Total	422,500	–
(v) Provision of guarantee in respect of borrowings outstanding – ultimate controlling shareholder	1,255,106	–
Total	1,255,106	–

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Related party transactions (continued)

(c) Balances with related parties

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Amounts due from an associate and joint ventures		
Trade balances		
– Donghuzhou	5,761	1,734
	5,761	1,734
Non-trade balances		
– Guangzhou Jingyu	109,360	–
– Guangzhou Xinze	1,964	–
– Donghuzhou	6,038	6,025
	117,362	6,025
Total amounts due from related parties	123,123	7,759
Amounts due to an associate		
Trade balance		
– Donghuzhou	–	50,000
	–	50,000

Amounts due to/from related parties mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

(d) Key management compensation

Key management compensation for the years ended 31 December 2020 and 2019 are set out below:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Key management compensation		
– Salaries and other employee benefits	31,410	37,291
– Pension costs	53	105
	31,463	37,396

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below:

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
景業控股有限公司 Jingye Holdings Limited	13/12/2013	Limited liability company	BVI	Investment holding	US\$201	US\$201	100%	-	-
廣州意濃實業有限公司 Guangzhou Yinong Enterprise Co., Ltd. ("Guangzhou Yinong")	01/07/2002	Limited liability company	Mainland China	Property development	RMB 500,000,000	RMB 500,000,000	-	100%	-
廣州市景業房地產開發有限公司 Guangzhou Jingye Real Estate Development Co., Ltd.	18/06/2008	Limited liability company	Mainland China	Property development	RMB 301,000,000	RMB 301,000,000	-	100%	-
海南景業房地產開發有限公司 Hainan Jingye Real Estate Development Co., Ltd.	25/12/2013	Limited liability company	Mainland China	Property development	RMB 100,000,000	RMB 100,000,000	-	100%	-
廣州卓都物業管理有限公司 Guangzhou Zhuodu Property Management Co., Ltd. ("Guangzhou Zhuodu")	30/07/2014	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-
海南卓都物業服務有限公司 Hainan Zhuodu Property Services Co., Ltd.	31/10/2014	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-
中山市景雅裝飾工程有限公司 Zhongshan Jingya Decoration Engineering Co., Ltd.	25/03/2005	Limited liability company	Mainland China	Building decoration	RMB 500,000	RMB 500,000	-	100%	-
廣州廣澤房地產開發有限公司 Guangzhou Guangze Real Estate Development Co., Ltd. ("Guangzhou Guangze")	05/11/2010	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB 10,000,000	-	100%	-
廣州市江河水泥製品有限公司 Guangzhou Jianghe Cement Products Co., Ltd.	14/03/2001	Limited liability company	Mainland China	Property development	RMB 10,500,000	RMB 10,500,000	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
景業控股(香港)有限公司 Jingye Holdings (HK) Limited ("Jingye Holdings (HK)")	02/01/2014	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
景業健康產業控股有限公司 Jingye Health Industry Holdings Limited	19/11/2015	Limited liability company	BVI	Health management	US\$1	US\$1	-	100%	-
景業健康產業有限公司 Jingye Health Industry Limited	30/11/2015	Limited liability company	Hong Kong	Health management	HK\$1	HK\$1	-	100%	-
廣州卓思道酒店管理有限公司 Guangzhou Zhuosidao Hotel Management Co., Ltd.	22/07/2015	Limited liability company	Mainland China	Hotel management	RMB 50,000,000	RMB 50,000,000	-	100%	-
廣州市舜邦投資管理有限公司 Guangzhou Shunbang Investment Management Co., Ltd.	21/08/2015	Limited liability company	Mainland China	Property investment	RMB 50,000,000	RMB 50,000,000	-	100%	-
廣東景業健康產業發展有限公司 Guangdong Jingye Health Industry Development Co., Ltd.	05/12/2016	Limited liability company	Mainland China	Business management	RMB 10,000,000	RMB 1,016,000	-	100%	-
廣州市舜安健康產業管理有限公司 Guangzhou Shun'an Health Industry Management Co., Ltd.	05/01/2016	Limited liability company	Mainland China	Health management	RMB 1,000,000	RMB 1,000,000	-	100%	-
廣州景譽健康管理發展有限公司 Guangzhou Jingyu Health Management Development Co., Ltd.	10/03/2016	Limited liability company	Mainland China	Health management	RMB 10,000,000	RMB 200,000	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
廣州崇譽投資有限公司 Guangzhou Chongyu Investment Co., Ltd.	18/01/2017	Limited liability company	Mainland China	Business management	RMB 400,000,000	RMB 346,436,000	-	60%	40%
廣州新芳實業有限公司 Guangzhou Xinfang Enterprise Co., Ltd.	08/06/2000	Limited liability company	Mainland China	Property development	RMB 399,000,000	RMB 344,010,000	-	60%	40%
廣州顯邦投資有限公司 Guangzhou Haobang Investment Co., Ltd.	31/05/2010	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB 10,000,000	-	60%	40%
英德景業房地產有限公司 Yingde Jingye Real Estate Co., Ltd.	12/09/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-
廣州創藝裝飾工程有限公司 Guangzhou Chuangyi Decoration Engineering Co., Ltd.	24/04/2017	Limited liability company	Mainland China	Building decoration	RMB 50,000,000	RMB 50,090,000	-	100%	-
英德桑緣農業發展有限公司 Yingde Sangyuan Agriculture Development Co., Ltd.	11/04/2014	Limited liability company	Mainland China	Property development	RMB 52,000,000	RMB 10,400,000	-	80%	20%
英德市山湖居房地產開發有限公司 Yingde Shanhuju Real Estate Development Co., Ltd.	22/07/2011	Limited liability company	Mainland China	Property development	RMB 25,000,000	RMB 25,000,000	-	100%	-
英德景創房地產開發有限公司 Yingde Jingchuang Real Estate Development Co., Ltd.	19/09/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 35,000,000	-	70%	30%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
英德金雄水泥有限公司 Yingde Jinxiong Cement Co., Ltd.	19/05/1994	Limited liability company	Mainland China	Property development	RMB 24,120,000	RMB 24,120,000	-	100%	-
廣州市番禺區德誠銅業有限公司 Guangzhou Panyu Decheng Copper Co., Ltd.	08/06/1999	Limited liability company	Mainland China	Property development	RMB 2,000,000	RMB 2,000,000	-	100%	-
舜邦投資管理(香港)有限公司 Shunbang Investment Management (HK) Limited	22/11/2017	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-
舜邦投資管理控股有限公司 Shunbang Investment Management Holdings Limited	01/11/2017	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
舜邦商務管理(廣州)有限公司 Shunbang Corporate Management (Guangzhou) Co., Ltd.	23/04/2018	Limited liability company	Mainland China	Business management	RMB 100,000,000	RMB 50,000,000	-	100%	-
景業名邦控股(廣州)有限公司 Jingye Mingbang Holdings (Guangzhou) Co., Limited	27/03/2018	Limited liability company	Mainland China	Business management	RMB 850,000,000	RMB 834,500,000	-	100%	-
騰衝景業房地產開發有限公司 Tengchong Jingye Real Estate Development Co., Ltd.	24/01/2018	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-
卓思道酒店管理控股有限公司 Zhuosidao Hotel Management Holdings Limited	27/03/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
景業酒店管理(香港)有限公司 Jingye Hotel Management (HK) Limited	30/04/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
株洲景業房地產開發有限公司 Zhuzhou Jingye Real Estate Development Co., Ltd.	25/07/2018	Limited liability company	Mainland China	Property development	RMB 300,000,000	RMB 300,000,000	-	100%	-
廣州市景悅房地產有限公司 Guangzhou Jingyue Real Estate Co., Ltd.	20/08/2018	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB0	-	90%	10%
肇慶市景悅科技發展有限公司 Zhaoqing Jingyue Technology Development Co., Ltd.	28/08/2018	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	90%	10%
廣州市普盛房地產開發有限公司 Guangzhou Pusheng Real Estate Development Co., Ltd.	22/12/2015	Limited liability company	Mainland China	Property development	RMB 5,000,000	RMB 5,000,000	-	80%	20%
海南煜煜房地產開發有限公司 Hainan Xuanyu Real Estate Development Co., Ltd.	16/10/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	80%	20%
雅安景業健康產業發展有限公司 Ya'an Jingye Health Industry Development Co., Ltd.	27/07/2018	Limited liability company	Mainland China	Health management	RMB 100,000,000	RMB 30,000,000	-	100%	-
英德市錦坤實業投資有限公司 Yingde Jinkun Enterprise Investment Co., Ltd.	11/09/2014	Limited liability company	Mainland China	Property development	RMB 1,000,000	RMB 1,000,000	-	100%	-
英德市卓都物業管理有限公司 Yingde Zhuodu Property Management Co., Ltd.	24/08/2018	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB0	-	100%	-
雲南卓都物業管理有限公司 Yunnan Zhuodu Property Management Co., Ltd.	20/09/2018	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
創藝控股有限公司 Chuangyi Holdings Limited	05/07/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
創藝控股(香港)有限公司 Chuangyi Holdings (HK) Limited	30/08/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-
泓創控股(廣州)有限公司 Hongchuang Holdings (Guangzhou) Co., Ltd.	25/10/2018	Limited liability company	Mainland China	Investment holding	RMB 5,000,000	RMB 5,000,000	-	100%	-
廣州市泓創建設有限公司 Guangzhou Hongchuang Construction Co., Ltd.	07/11/2018	Limited liability company	Mainland China	Construction Development	RMB 50,000,000	RMB 5,000,000	-	100%	-
湖南卓都物業服務有限公司 Hunan Zhuodu Property Services Co., Ltd.	08/01/2019	Limited liability company	Mainland China	Property management	RMB 3,000,000	RMB0	-	100%	-
景業名邦投資(威海)有限公司 Jingye Mingbang Investment (Weihai) Co., Ltd.	24/06/2019	Limited liability company	Mainland China	Investment holding	RMB 350,000,000	RMB 130,000,000	-	100%	-
威海景隆投資發展有限公司 Weihai Jinglong Investment Development Co., Ltd.	04/07/2019	Limited liability company	Mainland China	Investment holding	RMB 130,000,000	RMB 130,000,000	-	100%	-
廣州景隆投資發展有限公司 Guangzhou Jinglong Investment Development Co., Ltd.	15/07/2019	Limited liability company	Mainland China	Investment holding	RMB 130,000,000	RMB 130,000,000	-	100%	-
肇慶卓都物業管理有限公司 Zhaqing Zhuodu Property Management Co., Ltd.	16/08/2019	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB0	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
騰衝景盛房地產開發有限公司 Tengchong Jingsheng Real Estate Development Co., Ltd.	16/03/2020	Limited liability company	Mainland China	Property management	RMB 50,000,000	RMB 50,000,000	-	100%	-
騰衝景隆置業有限公司 Tengchong Jinglong Real Estate Co., Ltd.	09/04/2020	Limited liability company	Mainland China	Property management	RMB 50,000,000	RMB0	-	100%	-
騰衝卓思道酒店有限公司 Tengchong Zhuosidao Hotel Co., Ltd.	03/03/2020	Limited liability company	Mainland China	Hotel management	RMB 3,000,000	RMB0	-	100%	-
廣東晟眾建設工程有限公司 Guangdong Shengzhong Construction Engineering Co., Ltd.	09/11/2019	Limited liability company	Mainland China	Construction Development	RMB 48,000,000	RMB0	-	100%	-
景星控股(香港)有限公司 Jingxing Holdings (HK) Limited (Previously known as 盛貿環球(香港)有限公司 Abundant Trade Global (HK) Limited)	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
幸領環球有限公司 Lucky Lead Global Limited	05/02/2020	Limited liability company	BVI	Investment holding	US\$ 310,000,000	US\$ 184,010,000	-	51%	49%
幸領環球(香港)有限公司 Lucky Lead Global (HK) Limited	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	51%	49%
景萃控股(香港)有限公司 Jingcui Holdings (HK) Limited	19/10/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	51%	49%
景茂控股(香港)有限公司 Jingmao Holdings (HK) Limited	19/10/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	51%	49%
廣州幸領投資發展有限公司 Guangzhou Lucky Lead Investment Development Limited ^f	20/11/2020	Limited liability company	Mainland China	Investment holding	RMB 1,000,000,000	RMB 1,000,000,000	-	51%	49%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2020 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		Equity interests held by non-controlling interests
							Attributable equity interests		
							Direct	Indirect	
幸領環球投資(南京)有限公司 Lucky Lead Global Investment (Nanjing) Co., Ltd. #	19/11/2020	Limited liability company	Mainland China	Investment holding	RMB 1,000,000,000	RMB 1,000,000,000	-	51%	49%
南京景龍尚御實業發展有限公司 Nanjing Jinglong Shangyu Enterprise Investment Co., Ltd.®	24/12/2020	Limited liability company	Mainland China	Property development	RMB 1,060,000,000	RMB 1,060,000,000	-	51%	49%
南京萬華通控股有限公司 Nanjing Wanhuatong Holdings Co., Ltd.	19/11/2020	Limited liability company	Mainland China	Property development	RMB 1,200,000,000	RMB 1,200,000,000	-	100%	-

Registered as wholly foreign owned enterprises under PRC law

® Registered as sino-foreign equity joint venture under PRC law

The English names of the companies in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered or available.

The accumulated non-controlling interests as at 31 December 2020 was RMB1,417,808,000 (2019: RMB100,455,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 Particulars of subsidiaries (continued)

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Lucky Lead Global Limited		Nanjing Jinglong Shangyu Enterprise Investment Limited	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Current assets	65	–	1,441,951	–
Current liabilities	(7)	–	(382,267)	–
Current net assets	58	–	1,059,684	–
Non-current assets	1,199,165	–	79	–
Non-current liabilities	–	–	–	–
Non-current net assets	1,199,165	–	79	–
Net assets	1,199,223	–	1,059,763	–
Accumulated NCI	804,889	–	519,284	–

Summarised statement of comprehensive income

	Lucky Lead Global Limited		Nanjing Jinglong Shangyu Enterprise Investment Limited	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	–	–	–	–
Loss for the period	(7)	–	(237)	–
Other comprehensive income	–	–	–	–
Total comprehensive loss	(7)	–	(237)	–
Loss allocated to NCI	(3)	–	(116)	–

Summarised cash flows

	Lucky Lead Global Limited		Nanjing Jinglong Shangyu Enterprise Investment Limited	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Cash flows from operating activities	–	–	(1,091,900)	–
Cash flows from investing activities	(1,199,165)	–	31,951	–
Cash flows from financing activities	1,199,230	–	1,060,000	–
Net increase in cash and cash equivalents	65	–	51	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

38 Disposal of subsidiaries

(a) Description

- (i) On 11 June 2019, Guangzhou Yinong entered into an equity transfer agreement with Guangzhou Henghui Investment Co., Ltd. (“**Guangzhou Henghui**”), pursuant to which, Guangzhou Henghui acquired the 50.1% equity interest of Guangzhou Jinghong from Guangzhou Yinong at a consideration of RMB74.9 million, based on the equity interest in Guangzhou Jinghong, which is approximately to its fair value. The disposal was completed on 11 June 2019.
- (ii) On 28 December 2020, Guangzhou Yinong entered into an equity transfer agreement with Guangzhou Zhiyang Investment Co., Ltd. (“**Guangzhou Zhiyang**”) and Zhongshan Jingyue, pursuant to which Guangzhou Yinong agreed to dispose of and Guangzhou Zhiyang agreed to acquire 45% of the equity interest in Zhongshan Jingyue at a consideration of RMB1.35 million.

(b) Details of the disposal of the subsidiaries

During the years ended 31 December 2020 and 2019, the Group disposed of interests in the subsidiaries mentioned above to third parties. Details of the disposals are as follows:

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Disposal consideration		
– Cash received	1,350	74,893
Investment in an associate	–	20,401
Deferred income tax assets	19,699	50
Trade and other receivables and prepayments	195,819	163,697
Completed properties held for sale	806,844	–
Cash and cash equivalents	18,678	40
Restricted cash	20,635	–
Borrowings	(823,547)	–
Deferred income tax liabilities	(128,987)	–
Trade and other payables	(91,857)	(169,055)
Contract liabilities	(7,983)	–
Current income tax liabilities	(6,637)	–
Non-controlling interests	(133)	54
Total net assets	2,531	15,187
Gains on disposal before income tax	151	59,706
Income tax expense	(38)	(14,217)
Gains on disposal	113	45,489
Cash proceeds	1,350	74,893
– Cash and cash equivalents of the subsidiaries disposed of	(18,678)	(40)
Net cash (outflow)/inflow on disposal	(17,328)	74,853

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

39 The Company's statement of financial position and reserve movement

(a) The Company's statement of financial position is as follows:

	Notes	As at 31 December	
		2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		1,951,026	1,938,091
Current assets			
Other receivables and prepayments		–	1,220
Amounts due from subsidiaries		1,835,949	165,118
Restricted cash		6,215	492,679
Cash and cash equivalents		225,219	583,747
Dividend receivables		–	196,176
		2,067,383	1,438,940
Total assets		4,018,409	3,377,031
EQUITY			
Share capital	28	14,746	14,746
Other reserves		2,232,168	2,232,168
(Accumulated losses)/retained earnings		(30,772)	187,403
Total equity		2,216,142	2,434,317
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		526,790	–
Current liabilities			
Other payables		22,588	2,145
Amounts due to subsidiaries		217,888	–
Bank and other borrowings		1,035,001	940,569
		1,275,477	942,714
Total liabilities		1,802,267	942,714
Total equity and liabilities		4,018,409	3,377,031

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

39 The Company's statement of financial position and reserve movement (continued)

(b) Movement of the Company's other reserves is as follows:

<i>Notes</i>	Other reserves RMB'000	(Accumulated losses)/retained earnings RMB'000
Balance at 1 January 2019	549,382	(78)
Capitalisation of loan due to ultimate controlling shareholder	461,995	–
Issue of shares in connection with the capitalisation issue	(10,749)	–
Issue of shares in connection with the Company's listing	1,258,969	–
Share issuance cost	(27,429)	–
Profit for the year	–	187,481
At 31 December 2019	2,232,168	187,403
Balance at 1 January 2020	2,232,168	187,403
Loss for the year	–	(8,617)
Dividends paid	–	(209,558)
At 31 December 2020	2,232,168	(30,772)

40 Benefits and interests of directors

(a) Directors' emoluments

The directors' emoluments paid/payable by the companies now comprising the Group for the year ended 31 December 2020 are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Fees, salaries and other benefits	25,502	30,225
Pension costs	20	53
Total	25,522	30,278

(i) For the year ended 31 December 2020

Name of Directors	Salaries and other benefits	Contribution to retirement scheme	Fees	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors				
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	8,742	16	–	8,758
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	5,246	1	–	5,247
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	4,552	1	–	4,553
Mr. XUE Shuangyou	2,851	1	–	2,852
Mr. WU Xiping	2,831	1	–	2,832
Ms. WEI Miaochang	1,280	–	–	1,280
	25,502	20	–	25,522

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

40 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2019

Name of Directors	Salaries and other benefits RMB'000	Contribution to retirement scheme RMB'000	Fees RMB'000	Total RMB'000
Executive Directors				
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	9,135	16	–	9,151
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	6,110	7	–	6,117
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	5,988	10	–	5,998
Mr. XUE Shuangyou	3,642	10	–	3,652
Mr. WU Xinping	3,628	10	–	3,638
Ms. WEI Miaochang	1,722	–	–	1,722
	30,225	53	–	30,278

Note:

Mr. CHAN Sze Ming Michael, Ms. ZHENG, Mr. WU, and Mr. XUE were appointed as the Company's executive directors on 2 November 2018.

Mr. LIU and Ms. WEI were appointed as the Company's executive directors on 24 May 2019.

Mr. MA Ching Nam, Mr. LEONG Chong and Mr. WU William Wai Leung were appointed as the Company's independent non-executive directors on 13 November 2019.

No remunerations are paid or receivables in respect of accepting offices as director for the years ended 31 December 2020 and 2019.

No emoluments are paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the years ended 31 December 2020 and 2019.

No director waived or agreed to waive any emoluments for the years ended 31 December 2020 and 2019.

(b) Directors' retirement benefits

For the years ended 31 December 2020 and 2019, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

For the years ended 31 December 2020 and 2019, no payments to the directors of the Company as compensation for the early termination of the appointment.

(All amounts in RMB Yuan thousands unless otherwise stated)

40 Benefits and interests of directors (continued)

(d) **Consideration provided to third parties for making available directors' services**

For the years ended 31 December 2020 and 2019, the Company didn't pay to any third party for making available directors' services.

(e) **Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors**

For the years ended 31 December 2020 and 2019, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) **Directors' material interests in transactions, arrangements or contracts**

Save as disclosed in Note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the years ended 31 December 2020 and 2019.

41 Events after the statement of financial position date

On 8 February 2021, the Company issued 7.5% senior notes due 7 February 2022 in an aggregate principal amount of US\$155,000,000 (the "2021 New Notes"). The issue of the 2021 New Notes comprised of the exchange offer of the existing 2020 Notes amounting to US\$137,500,000 and completion of concurrent new money issuance amounting to US\$17,500,000. The 2021 New Notes were listed on the Stock Exchange on 9 February 2021.

Financial Summary

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	2,347,064	2,402,810	1,328,887	838,259	640,675
Cost of sales	(1,434,328)	(1,258,578)	(816,297)	(568,089)	(476,230)
Gross profit	912,736	1,144,232	512,590	270,170	164,445
Selling and marketing expenses	(124,629)	(131,046)	(74,225)	(44,499)	(39,180)
Administrative expenses	(140,958)	(162,938)	(124,598)	(66,050)	(41,475)
Net impairment losses on financial assets	(873)	(236)	(170)	(336)	(34)
Other income	15,826	3,731	1,276	721	670
Other expenses	(4,105)	(3,098)	(2,759)	(2,858)	(2,746)
Other gains – net	86,721	61,021	230,570	36,618	60,379
Operating profit	744,718	911,666	542,684	193,766	142,059
Finance (costs)/income – net	(13,279)	1,386	649	(9,566)	672
Share of results of joint ventures	(2,457)	(158)	(2,781)	–	–
Share of results of associates	55,528	(1,387)	(1,282)	(792)	(228)
Profit before income tax	784,510	911,507	539,270	183,408	142,503
Income tax expense	(306,113)	(416,590)	(157,511)	(97,330)	(57,996)
Profit for the year	478,397	494,917	381,759	86,078	84,507
Profit attributable to:					
Owners of the Company	485,203	501,517	386,486	89,789	84,507
Non-controlling interests	(6,806)	(6,600)	(4,727)	(3,711)	–
	478,397	494,917	381,759	86,078	84,507

	As at 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets	1,074,480	939,639	977,422	907,830	569,212
Current assets	9,811,957	8,273,450	5,636,749	3,552,038	1,778,517
Total assets	10,886,437	9,213,089	6,614,171	4,459,868	2,347,729
Non-current liabilities	1,757,355	1,628,985	413,591	775,239	642,936
Current liabilities	4,676,031	4,764,695	5,547,301	3,318,378	1,636,080
Total liabilities	6,433,386	6,393,680	5,960,892	4,093,617	2,279,016
Net assets	4,453,051	2,819,409	653,279	366,251	68,713
Equity attributable to owners of the Company	3,035,243	2,718,954	549,304	193,858	68,713
Non-controlling interests	1,417,808	100,455	103,975	172,393	–
Total equity	4,453,051	2,819,409	653,279	366,251	68,713

In this Annual Report, the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date”	13 November 2019, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolutions
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 27 May 2021 at 2:30 p.m.
“AGM Notice”	the notice convening the AGM set out on pages 41 to 46 of the circular of the Company dated 15 April 2021
“Articles”	the amended and restated articles of association of the Company as amended from time to time
“ASP”	average selling price
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“BVI”	the British Virgin Islands
“CG Code”	the principles of the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“close associates”	has the meaning ascribed thereto in the Listing Rules
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as amended and revised) of the Cayman Islands
“Company” or “JY Grandmark”	JY Grandmark Holdings Limited (景業名邦集團控股有限公司), a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purposes of this annual report, means each of Sze Ming Limited and Mr. CHAN Sze Ming Michael
“core connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

Glossary (Continued)

“IPO”	initial public offering
“Listing Date”	Thursday, 5 December 2019, on which the Shares were first listed and from which dealings in the Shares were permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the amended and restated memorandum of association of the Company as amended from time to time
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PRC” or “China”	the People’s Republic of China, which for the purposes of this annual report excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Prospectus”	the prospectus of the Company dated 25 November 2019
“Remuneration Committee”	the remuneration committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	a share option scheme approved and adopted by the Company on 13 November 2019
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“U.S.” or “United States”	the United States of America, its territories and possessions, any states of the United States and the District of Columbia
“US\$” or “U.S. dollars” or “US dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

* For ease of reference, the names of companies and entities established in China have been included in this annual report in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this annual report and their English translations, the Chinese version shall prevail.

JY GRANDMARK HOLDINGS LIMITED