China Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

Annual Report 2020

POWER VISION

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Wong Sai Chung *(Managing Director)*
Mr. Xu Li Chang

Non-executive Director

Mr. Kwan Kai Cheong

Independent Non-executive Directors

Mr. Warren Talbot Beckwith
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

COMMITTEES

Audit Committee

Mr. Warren Talbot Beckwith *(Chairman)*
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

Remuneration Committee

Dr. Garry Alides Willinge *(Chairman)*
Dr. Wang Shih Chang, George
Mr. Luk Koon Hoo

Nomination Committee

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Warren Talbot Beckwith
Dr. Garry Alides Willinge (appointed on May 25, 2022)

AUTHORIZED REPRESENTATIVES

Dr. Wang Shih Chang, George
Mr. Wong Sai Chung

COMPANY SECRETARY

Ms. Yu Ling Ling

STOCK CODE

1838

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14th Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.cpg-group.com

All the Group can do is to face, with its iron determination and will, all kinds of upcoming challenges and combats full of fight and joy.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Group Strategies

Looking ahead, the Group would continue to master property development projects, both residential and commercial, with sizable and distinct quality, in prime locations in the People's Republic of China ("PRC"). Our overall objectives are to exploit business opportunities, achieve sales growth, and enhance income as planned.

Key property development projects are as follows:

- ***High-end and sizable middle-class residential projects***

  There are both high-end residential and well-located projects for the growing middle-class in both Shanghai and Chongqing. Luxurious design and leading residential projects, characterised by themes and motifs, are connected with mass transit system with rapid, convenient and efficient transportation.

- ***Modern and upscale theme shopping street developments***

  These are modern, well-designed architectural projects situated at prime retail areas in major cities in the PRC which combines retail, residential, entertainment, cultural and recreational users with great accessibility, a focal point with attractions for residential, investment and business operations.

BUSINESS ENVIRONMENT

Overview of the Mainland Property Market

China's GDP in 2020 was recorded at RMB101,598.6 billion, reflecting a 2.3% year-on-year ("YOY") growth.

The residential property market in China demonstrated steady growth throughout 2020 as the investment amount of residential properties grew by 7.6% YOY, according to the National Statistics Bureau. While the national residential market was negatively affected by the epidemic in early 2020, as reflected in the drop in market indicators, various cities have introduced policies to support the real estate market during 2020 H1, which lead to market recovery. By 2020 H2, housing prices and land prices in various cities have accelerated quite rapidly. As such, the central government emphasized the principle that houses are "built to be lived in, not for speculation". Sales volume of residential properties increased 1.9% YOY in the first eleven months of 2020.

The retail property market in China was negatively affected by the epidemic as well. Total retail sales recorded a −12.5% YOY growth, dropping to RMB39,200.0 billion in 2020. Amid the COVID-19 outbreak and temporary suspension of operation of physical stores, the trend for shopping shifted from physical stores to online stores; the e-commerce market became robust with growing momentum. In 2020, the national online retail sales amounted to RMB9,800.0 billion, representing a 14.8% YOY increase. In the fourth quarter, the consumption of catering and retail sectors showed signs of recovery.

The COVID-19 pandemic in 2020 put a hold on almost all economic activities, and the office building market across the country faced challenges as corporates began to withdraw leases. During 2020 Q4, economic growth rebounded and demand for major office buildings lead to a recovery of the office market in China. Financial, TMT and online education sectors are the leading sectors that shape the trend of China's office market.

Overview of the Shanghai Property Market

Shanghai's GDP in 2020 was recorded at RMB3,870.1 billion, reflecting a 1.7% YOY growth.

The residential property market in Shanghai was generally positive in 2020 as the investment amount and sales volume grew by 4.3% and 48.8% YOY respectively. Average first-hand transaction prices increased by 2.8% YOY to RMB52,573 per square meters in 2020Q4. However, government policies remain in place to control housing prices.

Retail sales were recorded at RMB1,398.0 billion in 2020, representing a slight growth of 0.5% YOY amid the pandemic. As the COVID-19 pandemic called for fewer visits to physical stores and more online shopping, the online commercial market in Shanghai grew rapidly and recorded a 10.2% increase YOY. Only 1 new project was launched in 2020, adding approximately 58,000 square meters of new supply to the retail market. Vacancy rates fell by 1.3% YOY to 10.2%, and average rent of first floor retail units fell by 2.0% YOY to RMB26.3 per square meters. Amid such COVID-led challenges, some shopping malls revisited their business strategies and organized various new and trendy events, such as interactive exhibitions, to attract customers.

According to the Shanghai Statistics Bureau, tertiary industry contributed about 73.1% of the total GDP in 2020 and was recorded at RMB3,870.0 billion. In 2020, the real estate investment amount in the office sector rose by 20.8% YOY, and three office projects were completed in 2020 Q4, providing approximately 474,400 square meters of new office space. Vacancy rates fell by 0.6% YOY and rent decreased by 0.8% YOY. Technology, financial, and health care industries are the main sources of new leasing transactions in 2020.

Overview of the Chongqing Property Market

Chongqing's GDP in 2020 was recorded at RMB2,500.2 billion, reflecting a 3.9% YOY growth.

Affected by the epidemic, the supply of residential units in the first quarter was essentially suspended, which led to limited market transactions. However, the property market recovered rapidly in the second quarter, creating in a small peak in supply and sales in May and June and narrowing the gap of that with the previous year. Further, transaction prices of first-hand housing grew slightly to RMB13,300 per square meters in 2020 Q4.

Overall consumption levels in 2020 increased slightly by 1.3% YOY. 4 new projects were launched in 2020 Q4, adding about 431,000 square meters of new supply to the market. Vacancy rates slightly increased by 0.6% quarter-on-quarter ("QOQ") to 15.2%, and average rent of first floor retail units was recorded at RMB177.3 per square meters, due to the impact of pandemic. While overall leasing demand weakened, high-end brands continue to be interested in entering or expanding their brand presence in the retail market in Chongqing; for example, Burberry began to open stores in Chongqing while Tory Burch began to set up their second stores in Chongqing.

According to the Chongqing Statistics Bureau, tertiary industry grew by 2.0% YOY, contributing about 52.8% of the total GDP in 2020. As the economy began to recover under the government's pandemic control, office vacancy rates decreased by 3.6% YOY while average rent remained at 2019 Q4 levels. Chengdu-Chongqing Economic cycle as a national-level strategy will strengthen the leasing demand in Chongqing. Information technology, online education services and financial sectors remain the key drivers of office demand.

Outlook of the Mainland Property Market

After reiterating the importance of "Houses are built to be lived in, not for speculation" which was first raised by President Xi in 2017, the determination of suppressing the investment sentiment of housing market by the central government is anticipated to stay unchanged in 2022.

Overall regulation of the residential market is expected to remain unchanged, and the government is expected to continue to improve the long-term mechanism of "stabilizing land prices, housing prices, and expectations", and implement city-specific policies to promote a virtuous and healthy development of the residential market. Under the general requirement of controlling housing prices, the credit environment will be relaxed. Simultaneously, the government is expected to ease the financial pressure on developers by slightly increasing development loans, allowing debt extension, and improving the financing environment for bond issuance.

In 2022, new supply of prime retail properties in China is expected to remain strong. Over 12 million square meters of new supply is expected to enter the market, and the retail market in each city will continue to expand. Among the first-tier cities, new supply in Beijing and Shanghai is expected to exceed one million square meters. Further, new supply is expected to remain high in four cities located in western China, namely Chongqing, Chengdu, Kunming, and Xi'an. Land development in the core area is limited, driving the development of retail market in emerging business districts. In the future, stock renewal and new development will be carried out simultaneously.

Strong demand for national Grade A office properties has improved the confidence of market participants, and ultimately narrowed the rental decline in the Grade A office market. Moving forward, the TMT and finance sectors are expected to remain as the main drivers of office leasing market in 2022.

FINANCIAL REVIEW

The Group's loss attributable to equity holders for the year amounted to RMB14,476 million (2019: loss RMB283 million), increased by 5,015.6% when compared to 2019. Basic loss per share were RMB8.00 (2019: loss per share RMB0.16).

As at December 31, 2020, the total assets decreased to RMB43,390 million from RMB61,605 million in last year. Net assets, the equivalent of shareholders' funds, decreased to RMB22,790 million (2019: RMB37,267 million). In terms of value per share, net assets value per share is RMB12.60 at the end of the reporting period, as compared to RMB20.6 as at December 31, 2019. In addition, the approximate 6.4% appreciation of RMB to HK$ and United States dollar has resulted in the recognition of a RMB117 million exchange gain reported in this fiscal year.

The Group's revenue of RMB404 million (2019: RMB589 million) decreased by 31.4% when compared with last year, and was mainly due to the decrease in revenue from sales of properties.

The revenue from sales of properties amounted to RMB392 million (2019: RMB577 million), decreased by 32.0% as compared to 2019. The Group sold properties with total gross floor area ("GFA") of approximately 832,000 sq. ft. (2019: 850,000 sq. ft) in 2020, a 2.1% decrease as compared with last year.

Provision for impairment of properties under development for sales and properties held for sale of RMB422 million (2019: nil) was included in cost of sales, resulting in a gross loss of RMB314 million for the year.

Gross profit margin for sales of properties was 27.7% (2019: 37.5%), a 9.8 percentage point decrease when compared with last year.

Income from property leasing decreased by 23.0% to RMB3.2 million (2019: RMB4.2 million). Property management income was RMB9 million (2019: RMB8 million).

During the year, the Group generated income of RMB65 million, RMB53 million, RMB183 million, RMB7 million and RMB84 million from sales of residential properties of Shanghai Concord City Phase I, carparks of Shanghai Cannes, residential properties of Chongqing Manhattan City Phase I, residential properties of Chongqing Manhattan City Phase II and residential properties of Chongqing Manhattan City Phase III respectively.

Contract liabilities decreased to RMB382 million as at December 31, 2020 from RMB725 million as at December 31, 2019. This was primarily due to the recognition of revenue from sales of residential properties of Shanghai Concord City Phase I, Chongqing Manhattan City Phase I, Phase II and Phase III during the year.

Other income, gains and losses, net were loss of RMB642 million (2019: loss of RMB25 million). The increase in the loss was mainly attributable to the loss on disposal of investment properties and properties under development for sale of RMB643 million.

During the year, selling expenses were RMB3 million (2019: RMB9 million) which decreased by 64.2%. The decrease in selling expense was generally in line with the decrease in revenue of the Group.

Administrative expenses during the year were RMB128 million (2019: RMB109 million) which increased by 17.2%. It was mainly attributable to increase in legal and professional fee and penalty and compensation as well as other tax and related expenses during the year.

Finance costs represent mainly interest expenses and other borrowing costs in relation to other borrowings, effective interest of the fixed-rate senior notes. Finance costs of approximately RMB357 million (2019: RMB762 million) were capitalised on various projects, and finance costs of RMB1 million which is related to interest on lease liabilities were charged to the profit or loss during the year (2019: RMB1 million).

The changes in fair value of investment properties were loss of RMB17,066 million (2019: gain of RMB257 million). The downward adjustments in the re-valuation of the property portfolio as of December 31, 2020 was initiated by the compression of commercial property market sentiments and the slowdown of mainland China's economic growth amid the COVID-19 Pandemic in 2020. After taking into consideration the valuation carried out by professional valuer and the information available as at December 31, 2020, the directors of the Company (the "Directors") made an estimation that there is a 60% probability that Lot #4 Land would not be found to be idle land and a 40% probability that it would be found to be idle land and be taken back by the Shanghai Jingan District Planning and Natural Resources Bureau for no compensation. The Directors applied a weighted probability approach and determined the fair value of Lot #4 Land using these probabilities and determined that the fair value of Lot #4 Land as at December 31, 2020 was RMB13,339,850,000 and the relevant change in fair value of RMB8,893,233,000 was recognised in the profit or loss for the year ended December 31, 2020. The changes in fair value of investment properties in Shanghai experienced a decrease of RMB14,579 million (2019: increase of RMB86 million) which was mainly contributed by valuation depreciation of the project of Shanghai Concord City. The changes in fair value of investment properties in Chongqing experienced a decrease of RMB2,487 million (2019: increase of RMB171 million) which was mainly contributed by the valuation depreciation of the projects of Chongqing Manhattan City and Chongqing International Commerce Centre.

Income tax credit was RMB4,648 million (2019: income tax credit RMB44 million), an increase of 10,557.9%. The increase in income tax credit was mainly due to the deferred tax effect of the loss on changes in fair value of investment properties for 2020.

LIQUIDITY AND FINANCING

The Group monitors its liquidity requirements on a short to medium-term basis and arranges refinancing of the Group's borrowing when appropriate. During the year, the Group raised new external borrowings totaling of approximately RMB177 million (2019: RMB234 million); on the other hand, the Group also received advance from a shareholder amounted to RMB270 million (2019: RMB399 million) during the year.

At the end of the reporting period, the Group's senior notes, other borrowings and amount due to a shareholder amounted to RMB1,518 million (2019: RMB1,606 million), RMB5,843 million (2019: RMB5,307 million) and RMB4,152 million (2019: RMB3,898 million) respectively. The Group's total borrowings were RMB11,513 million (2019: RMB10,811 million), an increase of RMB702 million when compared to December 31, 2019. RMB11,513 million (2019: RMB10,811 million) is repayable within one year.

The gearing ratio of the Group as at December 31, 2020 was 50.4% (2019: 28.9%), determined as proportion of the Group's net borrowings (after deducting bank balances and cash and pledged/restricted bank deposits) to the shareholders' funds.

There was no material acquisition and disposal of group companies during the year.

TREASURY POLICIES

At the end of the reporting period, approximately 87% (2019: 85%) of the Group's borrowings were in RMB. The Group derives its revenue mainly in RMB. Bank balances are maintained mainly in RMB and HK$.

The other borrowings and senior notes are on a fixed-rate basis.

The Group has not used any interest rate or foreign currency derivative instrument to hedge its exposure to interest rate and foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

CHARGE ON ASSETS

As at December 31, 2020, the Group pledged assets with an aggregate carrying value of RMB38,235 million (2019: RMB54,575 million) to secure loan facilities utilised.

CONTINGENT LIABILITIES

As at December 31, 2020, the Group guaranteed mortgage loans to purchasers of its properties in the aggregate outstanding principal amount of RMB108 million (2019: RMB421 million). During the year, there was no default case.

Legal disputes

As at December 31, 2020, the Group is subjected to several legal claims mainly in relation to disputes under construction contracts in respect of its various property development projects which arose during the normal course of business. In these legal proceedings, the Group has received court orders to restrict the disposition of certain investment properties, properties under development for sale and properties held for sale in an aggregate amount of approximately RMB13 million (2019: RMB13 million) and the withdrawal of bank deposits of approximately RMB0.7 million (2019: RMB1 million) as at December 31, 2020. In the opinion of the Directors, the claims made by the construction contractors are mainly related to construction works that not met the required standards and pursuant to the terms of the construction contracts, the Group has the right not to certify those construction work claimed by the contractors. In addition, the Group has already made or in the process of making countered claims for compensation from the construction contractors for causing delay in delivering of the properties to the end customers of the Group. The management has sought advice from the independent legal advisors or internal legal counsel, as at December 31, 2020, the Group has provided the construction cost liabilities amounting to RMB128 million (2019: RMB52 million) in relation to the above mentioned construction contracts under dispute.

Outstanding legal claims that are subjected to legal proceedings and/or appeal amounted to approximately RMB126 million (2019: RMB94 million) in aggregate. No further provision has been made in the consolidated financial statements in respect of these claims. The directors of the Company are of the opinion that the Group has reasonable ground to defense those legal claims and consider that those legal claims would not result in any material adverse effects on the financial position of the Group.

Except for the matters disclosed elsewhere in the consolidated financial statements, the Group has the following litigations with some of its lenders:

(1) Legal disputes with 平安大華匯通財富管理有限公司 ("PinganDahua") and its fellow subsidiaries

(a) On August 28, 2015, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Shanghai Jingan") and Shanghai Minhang Concord Property Development Co., Ltd.) ("Shanghai Minhang"), each a wholly-owned subsidiary of the Company, as borrowers entered into an entrusted loan agreement with PinganDahua whereby an entrusted loan in the aggregate amount of RMB1.3 billion was granted (the "PinganDahua Entrusted Loan"), originally repayable by August 31, 2018 and extended verbally to October 15, 2018. Since then, the above parties had been in negotiations on new repayment arrangements. PinganDahua, without notice to Shanghai Jingan and Shanghai Minhang, made an application to the notary office for an execution certificate at the end of December 2018 and filed an application for enforcement with the High Court of Shanghai.

(b) On November 17, 2017, Chongqing Riverside Real Estate Co., Ltd. ("Chongqing Riverside"), a wholly-owned subsidiary of the Company, as borrower entered into an entrusted loan agreement with 深圳市平安德成投資有限公司 ("PinganDecheng"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted to Chongqing Riverside (the "PinganDecheng Entrusted Loan") repayable by February 2, 2020. The PinganDecheng Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. PinganDecheng without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 15, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the PinganDecheng Entrusted Loan together with interest and legal costs incurred. Since then, the above parties had been in negotiations on new repayment arrangements.

(c) On January 26, 2016, Chongqing Riverside as borrower entered into an entrusted loan agreement with 深圳市思道科投資有限公司 ("SSI"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted (the "SSI Entrusted Loan") to Chongqing Riverside repayable by January 27, 2020. The SSI Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. SSI without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 16, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the SSI Entrusted Loan together with interest and legal costs incurred. Since then, the above parties had been in negotiations on new repayment arrangements.

(d) Each of PinganDahua, PinganDecheng and SSI has since assigned all its respective rights under the PinganDahua Entrusted Loan, the PinganDecheng Entrusted Loan and the SSI Entrusted Loan to 西藏瓴達信投資管理有限公司 (Tibet Lingdaxin Investment Management Co., Ltd.*).

(e) On June 10, 2021, the Company noted from 公拍網 (Public Auction Platform*), an online public auction platform established by the Shanghai Trade Association of Auctioneers that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Lot #4 Land Notice") in relation to the proposed auction of a parcel of land (lot #4) (the "Lot #4 Land") owned by Shanghai Jingan with total site area of 19,800 square meters located in the southern portion of Shanghai Concord City Phase II, which was mortgaged as security under the PinganDahua Entrusted Loan (the "Proposed Auction"). The Proposed Auction was scheduled to take place from July 11, 2021 to July 14, 2021. According to the Lot #4 Land Notice, as the Lot #4 Land was determined as idle land by Shanghai Jingan District Planning and Natural Resources Bureau in July 2018, the Lot #4 Land would be auctioned on the basis that it is idle land.

(f) The Company has sought legal advice and has filed an objection against the listing of the Lot #4 Land on 公拍網 (Public Auction Platform*) and commenced an administrative proceeding to contest against the Proposed Auction (the "Proceeding").

(g) On July 6, 2021, the Company was given to understand that the Higher People's Court of Shanghai Municipality (上海市高級人民法院) has notified the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) that the Proposed Auction should not proceed as it is subject to the Proceeding. The Company however noted from the 公拍網 (Public Auction Platform*) on July 14, 2021 that the Proposed Auction took place as originally scheduled and indicated that the Lot #4 Land had been sold at RMB2,468,390,000, being the starting bid listed for the Proposed Auction. The Company also noted that payment of the balance of the purchase price under the Proposed Auction was scheduled for July 19, 2021 but understands that, before the purchase completes, a new land use right sales contract would need to be entered into.

(h) The Company had filed an application for the revocation of the sale of the Lot #4 Land through the Proposed Auction with the Shanghai High People's Court (上海市高級人民法院), which upheld the decision of the Shanghai Second Intermediate People's Court (上海市第二中級人民法院).

(i) Please refer to the Company's announcements dated June 30, 2021, July 16, 2021 and December 30, 2021 for further details.

(2) Legal disputes with 陸家嘴國際信託有限公司 ("Lujiazui")

On November 9, 2016, Shanghai Jingan as borrower entered into an entrusted loan agreement (the "Lujiazui Entrusted Loan Agreement") with Lujiazui whereby an entrusted loan in the total aggregate amount of RMB1.3 billion was granted. Three tranches of loan will be due on May 23, 2019, June 6, 2019 and June 15, 2019. Pursuant to the Lujiazui Entrusted Loan Agreement, Shanghai Jingan was required to pay a deposit of RMB124 million to Lujiazui by December 15, 2018, failing which Lujiazui can demand the immediate repayment of the total loan together with liquidated charges and interest. The full RMB124 million was not paid by due date and since December 4, 2018, Shanghai Jingan and Lujiazui have been in discussion to make a partial prepayment of the loan principal by utilising proceeds from sale of certain residential properties which have been charged to Lujiazui as security for the loan. Without notice to Shanghai Jingan, Lujiazui filed a civil claim claiming the amount of RMB1.24 billion against Shanghai Jingan with the High Court of Shanghai on December 20, 2018. Shanghai Jingan filed an appeal to The Supreme People's Court of the People's Republic of China (最高人民法院) (the "PRC Supreme Court") against the decision of the High Court of Shanghai on August 7, 2019. The appeal was dismissed by the PRC Supreme Court on December 27, 2019, and Shanghai Jingan was ordered to repay RMB1.24 billion to Lujiazui together with interest and legal costs incurred (the "Lujiazui Entrusted Loan"). Since then, the above parties had been in negotiations on repayment arrangements.

(3) Legal disputes with 中建投信託股份有限公司 ("JIC Trust")

(a) On September 27, 2017, Shanghai Jingan as a borrower entered into an entrusted loan agreement (the "JIC Trust Entrusted Loan Agreement") with JIC Trust whereby an entrusted loan in the aggregate amount of RMB1.2 billion (the "JIC Trust Entrusted Loan") was granted in twelve tranches. The loan tenure for each tranche is 24 months and will be due from October 13, 2019 to December 29, 2019 (the "Loan Term"). Pursuant to the JIC Trust Entrusted Loan Agreement, the lender has the right to demand immediate repayment of the loan if the lender has doubt over the borrower's financial ability to repay the loan. On February 14, 2019, Shanghai Jingan received a notice from JIC Trust informing that the JIC Trust Entrusted Loan Agreement would be terminated on February 18, 2019 and the loan would be due on the same day. As the Loan Term has not yet expired, Shanghai Jingan did not repay the loan as demanded. On February 22, 2019, JIC Trust filed a civil claim against Shanghai Jingan and the Company declaring the termination of the JIC Trust Entrusted Loan Agreement and the loan due. The amount of claim is RMB1,452.35 million. Since then, the above parties had reached settlement whereby Shanghai Jingan will repay the principal amount of RMB1.2 billion under the JIC Trust Entrusted Loan together with interest and legal costs incurred.

(b) Whilst the Company was in the process of obtaining a new loan from an independent financial institution for the repayment of the JIC Trust Entrusted Loan, on August 6, 2021, the Company noted from 工行融e購 (ICBC Global E-Trade Service*), an online trade platform established by the Industrial and Commercial Bank of China that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Lot #3 and Lot #5 Land Notice") in relation to the proposed auction of two parcels of land (together with the constructions constructed thereon) owned by Shanghai Jingan, being a parcel of land (lot #3) (the "Lot #3 Land") and a parcel of land (Lot #5) (the "Lot #5 Land"), each located in the northern portion of Shanghai Concord City Phase II with a total site area of 7,838 square meters and 11,208 square meters, respectively, which were mortgaged as security under the JIC Trust Entrusted Loan (the "Proposed Auction (JIC Trust)"). The Proposed Auction (JIC Trust) was scheduled to take place from September 15, 2021 to September 18, 2021. According to the Lot #3 and Lot #5 Land Notice, a judicial valuation report (司法鑑定評估報告) on the Lot #3 Land and the Lot #5 Land has been prepared by 上海富申房地產估價有限公司 (Shanghai Fushen Real Estate Appraisal Co., Ltd.*) (the "Judicial Valuation Report") with a total appraised value of RMB1,855,900,500. The Directors are of the view that the Judicial Valuation Report was made based on erred information on the Lot #3 Land and the Lot #5 Land, which substantively undervalued the Lot #3 Land and the Lot #5 Land and hence the Company disagreed with the Judicial Valuation Report.

(c) On September 18, 2021, the Company noted from the 工行融e購 (ICBC Global E-Trade Service*) that the Proposed Auction (JIC Trust) took place as originally scheduled and indicated that the Lot #3 Land and the Lot #5 Land had been sold at RMB1,299,140,000, being the starting bid listed for the Proposed Auction (JIC Trust).

(d) In addition to the Proposed Auction (JIC Trust), the Company further noted from 工行融e購 (ICBC Global E-Trade Service*) that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Second Notice (JIC Trust)") in relation to the proposed auction of the Huashan Building, a property owned by Shanghai Jingan located at West Nanjing Road, Jiang'an District, Shanghai, the People's Republic of China with gross floor area of 7,340 square meters (the "Huashan Building"), which was mortgaged as security under the JIC Trust Entrusted Loan (the "Proposed Second Auction (JIC Trust)"). The Proposed Second Auction (JIC Trust) was scheduled to take place from October 8, 2021 to October 11, 2021. According to the Second Notice (JIC Trust), a judicial valuation report (司法鑑定評估報告) on the Huashan Building has been prepared by 上海富申房地產估價有限公司 (Shanghai Fushen Real Estate Appraisal Co., Ltd.*) (the "Second Judicial Valuation Report") with a total appraised value of RMB419,608,600. The Directors are of the view that the Second Judicial Valuation Report erred in classifying the Huashan Building as a hotel instead of a commercial property, which substantively undervalued the Huashan Building. Accordingly, the Company disagreed with the Second Judicial Valuation Report.

(e) The Proposed Second Auction (JIC Trust) took place as originally scheduled and the Huashan Building had been sold at RMB335,690,000, being the starting bid listed for the Proposed Second Auction (JIC Trust).

(f) Please refer to the Company's announcements dated August 16, 2021, September 30, 2021 and December 30, 2021 for further details.

Shanghai Jingan has filed an application for a review (the "Review") of the application of law and factual errors in the rulings in the judicial process of execution of auctioning (i) the Lot #4 Land through the Proposed Auction; (ii) the Lot #3 Land and the Lot #5 Land through the Proposed Auction (JIC Trust); and (iii) the Huashan Building through the Proposed Second Auction (JIC Trust) (collectively, the "Auctions"), to the PRC Supreme Court. The PRC Supreme Court has conducted the filing and examination for the Review. As at the date of this report, the PRC Supreme Court has yet to issue its decision. If the PRC Supreme Court rules in favour of Shanghai Jingan, the PRC Supreme Court may rectify the Auctions or order that Shanghai Jingan be compensated, which will impact on the outstanding debts of Shanghai Jingan. The Company will continue to take all necessary actions to vigorously contest against each of the Auctions. The Company will make further announcement(s) on the material development and progress in relation to the above as and when appropriate.

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed below and the section headed "CONTINGENT LIABILITIES" above, to the knowledge of the Directors, there is no other important event affecting the Group since the end of the financial year and up to the date of this report:

(a) Winding up petition against the Company

On February 28, 2022, the Company received a petition (the "Petition") from JIC Trust in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) filed in the High Court of The Hong Kong Special Administrative Region (the "High Court") under Companies Winding-up Proceedings No. 67 of 2022 that the Company may be wound up by the High Court for failing to pay an outstanding debt of Shanghai Jingan, a wholly-owned subsidiary of the Company, which the Company has provided a corporate guarantee, in the sum of HK$904,433,593.19. The Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has yet to issue the confirmation for the judgement amount (the "Subject Amount") as at the date of the Petition. The Petition was scheduled to be heard before the High Court on May 4, 2022 and was subsequently further adjourned to November 28, 2022. The Company is opposing the Petition and will continue to seek legal advice on the matter. Please refer to the Company's announcements dated March 18, 2022, May 4, 2022, June 1, 2022, July 13, 2022, July 25, 2022 and September 19, 2022 for further details.

As disclosed in the section headed "CONTINGENT LIABILITIES — Legal disputes", Shanghai Jingnan has filed the Review which the PRC Supreme Court has conducted the filing and examination. As at the date of this report, the PRC Supreme Court has yet to issue its decision. If the PRC Supreme Court rules in favour of Shanghai Jingan, the PRC Supreme Court may rectify the Auctions or order that Shanghai Jingan be compensated, which will impact on the outstanding debts of Shanghai Jingan.

Accordingly, the Company believes that the grounds for the Petition and the Subject Amount may be subject to dispute and the Company will continue to take all necessary actions to vigorously contest against each of the Auctions and the Petition.

Further announcement(s) will be published as and when necessary to keep the shareholders and potential investors informed.

(b) Suspension of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

(i) The Company failed to announce its preliminary financial results for the year ended December 31, 2020 which shall have been agreed with the auditor on or before March 31, 2021. Accordingly, pursuant to Rule 13.50 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), trading in the shares of the Company has been suspended since April 1, 2021, and remains suspended as at the date of this report.

(ii) On May 27, 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange may cancel the Company's listing under Rule 6.01A of the Listing Rules if the Company fails to remedy the issues causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by September 30, 2022. In such case, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Please refer to the Company's announcement dated May 31, 2021 for further details.

(iii) On May 5, 2022, the Company received additional resumption guidance from the Stock Exchange. Please refer to the Company's announcement dated May 6, 2022 for further details.

(c) Default in repayment of the USD226,000,000 15.0% US$ Senior Notes due 2021 by Cheergain Group Limited

(i) On October 15, 2018, Cheergain Group Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued USD226,000,000 15.0% Senior Notes due 2021 (the "15% US$ Senior Notes") which were listed on the Official List of The International Stock Exchange.

(ii) The 15% US$ Senior Notes have matured on October 15, 2021 (the "Maturity Date") and delisted from The International Stock Exchange on the Maturity Date. Yet, no payment was made by the Issuer on the Maturity Date and such non-payment constitutes an event of default under the indenture constituting the 15% US$ Senior Notes.

(iii) The total amount due under the 15% US$ Senior Notes comprises the outstanding principal of USD225,600,000 and interest accrued thereon (the "Outstanding Amount").

(iv) The Company has been proactively communicating with the holders of the 15% US$ Senior Notes (the "Noteholders") and will continue to engage in active dialogue with the Noteholders with a view to keep the Noteholders informed of the actions taken and to be taken by the Company in arranging for settlement of the Outstanding Amount.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2020, the Group had 367 employees (2019: 382 employees) in Hong Kong and the PRC. The related employees' cost for the year amounted to approximately RMB38 million (2019: RMB35 million). The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry and prevailing market conditions. In addition, share options may be granted from time to time in accordance with the terms of the Group's approved share option scheme to provide incentives and rewards to the employees.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Wang Shih Chang, George, aged 87
Dr. Wang is the Chairman of our Board and has been with the Group since 1992. He is the Chairman of the nomination committee and the member of the remuneration committee of the Company. Dr. Wang is jointly responsible for the formulation of the overall corporate direction and business strategies for the Group with the Managing Director. Dr. Wang has extensive experience in property development and management in the PRC. Prior to joining the Group, Dr. Wang served as a vice president of various companies owned by or associated with Bechtel Group, Inc. from 1962 to 1984 and Fluor Corporation from 1984 to 1986. Bechtel and Fluor are construction and project management companies in the United States of America. Dr. Wang has many years of experience in the operation and management of global conglomerates. He obtained a Master Degree in Civil Engineering and Nuclear Engineering from the University of Michigan and a Ph.D. Degree in Engineering from the University of California, Los Angeles. He is the brother of Mr. Wong Sai Chung, the Managing Director of the Company. Dr. Wang also serves as a director of U.S. Concord (Holding) Limited and Pacific Concord Holding Limited ("PCH") (de-listed).

Wong Sai Chung (汪世忠), aged 71
Mr. Wong is the Managing Director of the Company, and has been with the Group since 1992. Mr. Wong is jointly responsible for the formulation of the overall corporate direction and business strategies for the Group with the Chairman, and has overall responsibility for the Group's policy and management. Mr. Wong has over 20 years of experience in property development and management in the PRC, and has extensive experience in identifying and acquiring precious sizable lands and developing the land into highly marketable properties in top-tier cities in the PRC. Throughout the years, Mr. Wong has established strong and solid connections and contacts in the property industry in the PRC. Mr. Wong founded the PCH Group in March 1982 and has served as the Chairman of PCH Group since its establishment. He is the brother of Dr. Wang Shih Chang, George, the Chairman of the Board. Mr. Wong also serves as a director of U.S. Concord (Holding) Limited and PCH (de-listed). In 1996, he was appointed as the executive director of Concord Land Development Company Limited (de-listed).

Xu Li Chang (徐禮昌), aged 81
Mr. Xu is an Executive Director of the Company. Mr. Xu has been responsible for the project management since joining the Group in September 1998. He pursued his studies at the University of Chongqing (重慶大學) (formerly The Chongqing Institute of Civil Engineering and Architecture) (重慶建築工程學院) and qualified as a senior engineer in the PRC. Mr. Xu was appointed the officer-in-charge of the Neijiang City Municipal Foreign Economic and Technological Co-operation Office in the PRC in 1987. Mr. Xu also worked as the vice general manager at a well-known property development company in 1997 and was responsible for the overall management of the construction projects of that company.

Non-executive Director

Kwan Kai Cheong (關啟昌), aged 71

Mr. Kwan is a Non-executive Director of the Company and has joined the Group for more than ten years. He is also a Director of HK Electric. He is President of Morrison & Company Limited, a business consultancy firm. Mr. Kwan is also the chairman of the board of Utopa Limited, a commercial property company in the People's Republic of China. Mr. Kwan worked for Merrill Lynch & Co., Inc. for over 10 years during the period from 1982 to 1993, with his last position as President for its Asia Pacific region. He was formerly Joint Managing Director of Pacific Concord Holding Limited. Mr. Kwan is an Independent Non-executive Director of Greenland Hong Kong Holdings Limited, Henderson Sunlight Asset Management Limited (as manager of Sunlight Real Estate Investment Trust), United Photovoltaics Group Limited, Win Hanverky Holdings Limited and CK Life Sciences, all being listed companies (except Sunlight Real Estate Investment Trust being a listed real estate investment trust). He was previously an Independent Non-executive Director of Galaxy Resources Limited, a listed company. Mr. Kwan holds a Bachelor of Accountancy (Honours) degree and is a fellow of the HKICPA, The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Directors Limited. He completed the Stanford Executive Program in 1992.

Independent Non-executive Directors

Warren Talbot Beckwith, aged 81

Mr. Beckwith was appointed as an Independent Non-executive Director of the Company on February 1, 2007. He is the Chairman of the audit committee and the member of the nomination committee of the Company. Mr. Beckwith has business management experience in Australia, London and Hong Kong in various industries, including mining, petroleum, property and technology development. Mr. Beckwith is a Fellow of the Institute of Chartered Accountants in Australia, the Hong Kong Institute of Certified Public Accountants, the Australian Institute of Company Directors and the Taxation Institute of Australia. In the past, Mr. Beckwith held directorships and executive positions in public companies listed on stock exchanges in Australia and Hong Kong. Mr. Beckwith formerly served as an independent non-executive director on each of the boards of the then listed Pacific Concord Holding Limited and Concord Land Development Company Limited, both property development companies. Mr. Beckwith was a director and shareholder of Avon Real Estate Pty Ltd., a property development company, and he was also a director of Sentinel Investments Pty Ltd, an Australian-based property development company. He was formerly a non-executive director of Brockman Mining Limited, a mining company listed in both Hong Kong and Australia, and is currently the chairman of Westralian Group Pty Ltd., a Western Australian investment company and corporate financial advisor, and is executive chairman of Gondwana Resources Limited, an Australian mining company.

Luk Koon Hoo (陸觀豪), aged 69
Mr. Luk was appointed as an Independent Non-executive Director of the Company on February 1, 2007. He is the member of the audit committee and the remuneration committee of the Company. Mr. Luk is a retired banker, and served Hang Seng Bank Limited from 1975 as a trainee officer and as a director and deputy chief executive in 1994. He was re-designated as managing director in 1996 and retired from Hang Seng Bank Limited in May 2005. Mr. Luk is currently an independent non-executive director of Computime Group Limited, Hung Hing Printing Group Limited and i-Cable Communications Limited, shares of which are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Wheelock Properties Limited and Octopus Holdings Limited, an non-executive director of Wharf T & T Limited and AXA General Insurance Hong Kong Limited. In public duties, Mr. Luk serves as a council member and treasurer of the Chinese University of Hong Kong, a member of Town Planning Board, a member of Witness Protection Review Board Panel and a non-official member of the Operations Review Committee of ICAC. Mr. Luk was born and educated in Hong Kong. He holds a Bachelor of Social Sciences Degree in Statistics from the University of Hong Kong and a Master Degree in Business Administration from the Chinese University of Hong Kong. He is a Fellow of the Hong Kong Institute of Bankers and the Hong Kong Institute of Directors. Mr. Luk is a Non-official Justice of the Peace.

Garry Alides Willinge, aged 71
Dr. Willinge was appointed as an Independent Non-executive Director of the Company on February 1, 2007. He is a member of the audit committee, Chairman of the remuneration committee and member of nomination committee of the Company.

He is a Fellow of the Australian Institute of Company Directors (AICD) and the Hong Kong Institute of Directors. He chairs the AICD Executive Committee in Hong Kong. He is an experienced company director in public listed, unlisted and not for profit companies in Australia, London and Hong Kong for over 13 years. He graduated with a Bachelor Degree in Science from the University of Melbourne and then attained a Graduate Diploma in Applied Finance and Investment from the Securities Institute Education in Australia (known as "The Securities Institute of Australia") in 1995 and a Graduate Diploma Company Director from the University of New England in 1992. He also attended the INSEAD Asia International Executive Programme in 2004.

Dr. Willinge had served as director, Global Services, of IBM China/Hong Kong Limited until January 2005. He previously held management positions in a number of IBM Asia Pacific and European business units, including director of New Business Ventures of the Asia Pacific, where he was responsible for forging alliances and joint ventures across Asia in order to expand IBM's services business portfolio. He was a director, Information Technology, for the Sydney Olympic Games 2000. He was assigned to the West Australian Premier in 1990, where he led the Office of Public Sector Management, which focused on leading public sector reform and developing CEO leadership within the sector.

He also serves as an Adjunct Professor of Business Studies at Curtin University in Australia. He received the Honorary Degree of Doctor of Technology from Curtin University in February 2014.

The Executive Directors of the Company are also the Senior Management of the Group.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") and the management of the Company are committed to a high standard of corporate governance. The Company considers such commitment is essential for the effective management, a healthy corporate culture, a successful business growth, balancing of business risk and enhancing of shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the "Corporate Governance Code" set out in Appendix 14 to the Listing Rules (the "CG Code"). Throughout the financial year ended December 31, 2020 and up to the date of this report, the Group has complied with all code provisions in the CG Code except code provision A.1.8 and C.1.2 (which are respectively renamed as code provision C.1.8 and D.1.2 with effect from January 1, 2022).

THE BOARD

Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board currently comprises seven members with three executive directors, one non-executive director and three independent non-executive directors (the "INEDs"). The Board at all times meets the requirements of the Listing Rules relating to appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise.

Executive Directors

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Wong Sai Chung *(Managing Director)*
Mr. Xu Li Chang

Non-executive Director

Mr. Kwan Kai Cheong

Independent Non-executive Directors

Mr. Warren Talbot Beckwith
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

The relationship among members of the Board and the biographies of the directors were disclosed under the "Directors' and Senior Management's Profile" section of the 2020 Annual Report.

The Company has appointed a Managing Director who performs similar functions as a chief executive officer. The position of the Chairman and Managing Director are held by two different persons in order to maintain an effective segregation of duties, independence and a balanced judgment of views. The Chairman provides leadership and is responsible for effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The Managing Director focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operations. He is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

The Independent Non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their skills, expertise and number in the Board ensure that strong independent views and judgement are brought in the Board's deliberations and that such views and judgement carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of shareholders of the Company and the Company.

The Company annually assesses the independence of each Independent Non-executive Director during their terms of appointment. The Company has received from each of the Independent Non-executive Directors a written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-executive Directors are independent during the year and up to the date of this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors (including non-executive Directors) of the Company are currently appointed with specific terms for 2 years commencing from February 23, 2019, which are also subject to retirement in accordance with the articles of association of the Company ("Articles"). According to 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 greater than one-third) shall retire from office by rotation.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of INEDs.

The Board reviews from time to time its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirement and regulations.

The Company's circular contains detailed information of the directors standing for re-election.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of a diverse Board with a balance of skills, experience and diversity of perspectives to enhance the quality of its performance. All Board appointments will be considered against selection criteria.

The Company seeks to achieve board diversity through the consideration of a range of diversity perspectives in the Board members' selection process, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review and monitor the implementation of the Board Diversity Policy, to ensure the effectiveness of the Board Diversity Policy and discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

TRAINING AND CONTINUING DEVELOPMENT

The Chairman has assessed the development needs of the Board as a whole, with a view to build its effectiveness as a team and to assist in the development of individual skills, knowledge and expertise.

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Director's training.

For the year ended December 31, 2020, the Directors participated in the following continuous professional development:

Name of Directors	**Attended trainings or briefing/Reading materials updating on new rules and regulations**
Executive Directors	
Dr. Wang Shih Chang, George	✓
Mr. Wong Sai Chung	✓
Mr. Xu Li Chang	✓
Non-executive Director	
Mr. Kwan Kai Cheong	✓
Independent non-executive Directors	
Mr. Warren Talbot Beckwith	✓
Mr. Luk Koon Hoo	✓
Dr. Garry Alides Willinge	✓

The Company Secretary has taken no less than 15 hours of relevant professional training during the year under review.

BOARD MEETINGS

The Board aims to meet in person or by means of electronic communication, at least 4 times a year, if necessary, as well as on an ad hoc basis. The individual attendance record of each director at the meetings of the Board, Audit Committee, Remuneration Committees and Nomination Committee during the year ended December 31, 2020 is set out below.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to all directors in advance. Notices of regular meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board paper together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep them apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the management whenever necessary.

The company secretary of the Company is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors and members of committees for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

Upon reasonable request, the Company should provide separate independent professional advice to directors to assist them to discharge their duties in the appropriate circumstance.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affair. The Board committees of the Company are established with defined written terms of reference. The majority of the members of the Board committees are INEDs and the list of the chairman and members of each Board committees are set out under "Corporate Information" in the 2020 Annual Report.

Meeting attendance during the year ended December 31, 2020 is as follows:

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Dr. Wang Shih Chang, George	3/4	N/A	2/2	2/2
Mr. Wong Sai Chung	4/4	N/A	N/A	N/A
Mr. Xu Li Chang	1/4	N/A	N/A	N/A
Mr. Kwan Kai Cheong	4/4	3/3	N/A	N/A
Mr. Warren Talbot Beckwith	4/4	3/3	N/A	2/2
Mr. Luk Koon Hoo	4/4	3/3	2/2	N/A
Dr. Garry Alides Willinge	4/4	3/3	2/2	N/A

In accordance with code provision A.2.7 of the CG Code, the Chairman held one meeting with the INEDs without the presence of other Directors in 2020.

The Audit Committee

Composition of the Audit Committee
Mr. Warren Talbot Beckwith *(Chairman)*
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

The Company established an Audit Committee comprising 3 INEDs with written terms of reference in compliance with the requirements as set out in Appendix 14 to the Listing Rules. Mr. Warren Talbot Beckwith, who possesses a professional accounting qualification and relevant accounting experience, is the Chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

(a) To review the Company's financial statements and report, and to consider any significant or unusual items raised by the corporate accounting department or external auditor before submission to the Board.

(b) To review the relationship with the external auditor by reference to the work performed by the auditor, the fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system (including anti-fraud) and risk management system and associated procedures.

During the year ended December 31, 2020, the Audit Committee met three times to review the financial results and reports, financial reporting (including cash flow forecast) and compliance procedures, to review the effectiveness based on report on the Company's internal control and risk management review and processes and the re-appointment of the external auditor. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit Committee has not taken a different view from the Board regarding the selection and re-appointment of external auditor.

The Company's annual results for the year ended December 31, 2020 have been reviewed by the Audit Committee.

The Remuneration Committee

Composition of the Remuneration Committee
Dr. Garry Alides Willinge *(Chairman)*
Dr. Wang Shih Chang, George
Mr. Luk Koon Hoo

The Company established a Remuneration Committee comprising an executive director and two INEDs with written terms of reference in compliance with the requirements as set out in Appendix 14 to the Listing Rules. Dr. Garry Willinge is the Chairman of the Remuneration Committee.

The main duties of the Remuneration Committee include the following:

(a) To make recommendation to the Board on the policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedures for developing policy on such remuneration.

(b) To determine, review and approve the specific remuneration packages of all executive directors and make recommendations to the Board of the remuneration of non-executive directors, taking into account those factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere and desirability of performance-based remuneration.

(c) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year ended December 31, 2020, the Remuneration Committee held two meetings in 2020 to review the existing terms of reference for the Remuneration Committee and compensation arrangements relating to dismissal or removal of directors for misconduct.

The remuneration of the directors for the year ended December 31, 2020 was set out in note 10 to the consolidated financial statements.

The Nomination Committee

Composition of the Nomination Committee
Dr. Wang Shih Chang, George *(Chairman)*
Mr. Warren Talbot Beckwith
Dr. Garry Alides Willinge (appointed on May 25, 2022)

As at the date of this report, the Company has established a Nomination Committee comprising an executive director and two INEDs with written terms of reference in compliance with the requirements as set out in Appendix 14 to the Listing Rules. Dr. Wang Shih Chang, George is the Chairman of the Nomination Committee.

The main duties of the Nomination Committee include the following:

(a) To formulate the policy for the nomination of directors in compliance with the requirements of the Listing Rules including but not limited to the following for consideration by the Board and implement the nomination policy laid down by the Board:

   (i) all directors shall be subject to re-election at regular intervals as set out in the articles of association of the Company (as amended from time to time);

   (ii) the Company must comply with the disclosure requirements in relation to the appointment, resignation or removal of directors under the Listing Rules;

   (iii) non-executive directors should be appointed for a specific term, subject to re-election and the term of appointment of the non-executive directors must be disclosed in the Corporate Governance Report under the Listing Rules;

   (iv) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

During the year ended December 31, 2020, the Nomination Committee held two meetings to review the structure, size and composition of the board of directors and the INEDs.

Nomination Policy

The Company has adopted a Nomination Policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) reputation for integrity;

(2) accomplishment and experience in the business in which the Group is engaged in;

(3) commitment in respect of available time and relevant interest;

(4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;

(5) qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(6) the number of existing directorships and other commitments that may demand the attention of the candidate;

(7) requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules;

(8) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(9) such other perspectives appropriate to the Company's business.

Director Nomination Procedure

Subject to the provisions in the Articles of Association of the Company and the Listing Rules, if the Board recognizes the need for an additional Director or a member of senior management, the following procedure will be followed:

(1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;

(2) The Nomination Committee and/or the Company Secretary of the Company will then provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Act of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(3) The Nomination Committee would then make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;

(4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(5) In the case of the appointment of an Independent Non-executive Director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and

(6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. The obligation to follow the Listing Rules is set out in the terms of the service contracts of each executive director and the letters of appointment of the non-executive directors and each INED.

The directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in Model Code during the year ended December 31, 2020 and up to the date of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness, while Management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. The system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended December 31, 2020, the Company has identified, evaluated and managed risks via the following process:

- reviewing the organizational and strategic objectives;
- assessing the risk management philosophy to determine the risk tolerant level of the Group; and
- performing an entity-level risk assessment.

The Group adopted the standards set out in the Model Code and received confirmation from all directors that they have complied with the Model Code throughout the period under review.

Risk Management and Internal Control Systems Review

The management team of the Company meets regularly to review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year ended December 31, 2020. The review is designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed. The risk management system:

- promotes consistent risk identification, measurement, reporting and mitigation;
- sets a common risk language to avoid any conflicting terminology or confusion in risk reporting;
- consists of risk management and internal control policies that are aligned with the business strategy; and

- enhances reporting to provide transparency of risks across the Group.

During the review, the Company conducted the following procedures:

- interviewing department heads and management to identify the risks over the Company business units;
- quantifying risks by financial data and market searches; and
- prioritizing the identified risks as high, medium and low risk.

The Company will perform ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

Internal Audit Function

During the year ended December 31, 2020, the Company has appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor reported to the Audit Committee and communicated to the Company's management. Based on the agreed internal audit plan, the IC Advisor conducted the internal audit review scope during the year ended December 31, 2020. The IC Advisor reported and communicated the internal audit findings and recommendations to the Audit Committee and the management of the Group respectively. The management of the Group agreed on the internal audit findings and planned to adopt the recommendations from the IC Advisor accordingly.

With regards to the internal controls and procedures for the handling and dissemination of inside information, the Group complies with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules.

Management's report on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group had reported to the Board that the Group had maintained an effective risk management mechanism and internal control system during the year ended December 31, 2020.

MANAGEMENT FUNCTION

The management team of the Company meets regularly to review and discuss with the executive directors on day-to-day operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2020.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 65 to 69.

There is a material uncertainty relating to the outcomes of the events or conditions as disclosed in note 1 to the consolidated financial statements that may cast significant doubt on the Company's ability to continue as a going concern.

The remuneration paid and payable to the external auditor of the Group in respect of audit services and non-audit services for the year ended December 31, 2020 are set out below:

	Year ended December 31, 2020
	RMB'000
Services rendered	
— Audit services	2,808
— Non-audit services	—
	2,808

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The rights of shareholders are contained in the Company's Articles. Details of the poll procedures will be explained to shareholders during the proceedings of any general meetings, if necessary.

Poll results are published on the websites of the Stock Exchange and the Company before the designated time on any business day following the meeting in accordance with the Listing Rules.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board (also chairman of the Nomination Committee for the time being) as well as chairmen of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, will be available to answer questions at the shareholders' meetings.

Any enquiries by shareholders requiring the Board's attention can be sent in writing to the company secretary at the Company's principal place of business in Hong Kong.

OTHERS

Annual Confirmation from Mr. Wong Sai Chung

The Board received a confirmation from Mr. Wong Sai Chung ("Mr. Wong") that during the year ended December 31, 2020 and up to the date of this report, Mr. Wong has complied with the non-compete undertaking as set out in the prospectus of the Company dated February 9, 2007 (the "Prospectus").

New Business Opportunities

During the year ended December 31, 2020 and up to the date of this report, there have been no new business opportunities which are required to be referred to the INEDs under the deed of undertaking dated February 8, 2007 entered into between Mr. Wong and the Company.

Properties under the Beijing Concord Option and the General Option (collectively the "Options")

During the year ended December 31, 2020 and up to the date of this report, no options for the acquisition of the properties under the Beijing Concord Option and the General Option are exercised. The INEDs have considered the respective status of the Beijing Concord Option and the General Option and decided that it is not the appropriate time for the Company to exercise these options. Details of the Options are set out in the Prospectus.

The Beijing Cannes Option previously granted by Mr. Wong had automatically lapsed in accordance with the terms of the Option Agreement as Mr. Wong had ceased to be interested in the Beijing Cannes site. Please refer to the Company's announcement dated February 7, 2013 for further details.

The General Option in respect of the Zhuhai Property previously granted by Mr. Wong had automatically lapsed in accordance with the terms of the Option Agreement as Mr. Wong had ceased to be interested in the Zhuhai Property. Please refer to the Company's announcement dated September 21, 2011 for further details.

First Right of Refusal for the Properties under the Options

During the year ended December 31, 2020 and up to the date of this report, the Company is entitled to the first right of refusal for the properties under the Options.

Dividend Policy

The Company has adopted a Dividend Policy that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the Shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others,

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(3) retained earnings and distributable reserves of the Company and each of the members of the Group;

(4) the Group's liquidity position;

(5) interest of shareholder;

(6) taxation consideration;

(7) potential effect on creditworthiness;

(8) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(9) any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Act of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

In the past year of combat against the pandemic, China Properties Group Limited (the "Company" or "we") has held tight to its mission of offering top-notch, large-scale residential and commercial property development projects in major cities in the People's Republic of China ("PRC"). While achieving that, we have continued our commitment in driving sustainability excellence and creating values in our environment, community and the stakeholders. We are pleased to present our fourth environmental, social and governance ("ESG") report and communicate our ESG management practices and performance with our stakeholders.

Reporting Scope

The scope of this report covers the Company's core business activities for the period from January 1, 2020 to December 31, 2020 (the "Reporting Period" or "2020") — property development and property management in Shanghai and Chongqing, PRC, including the following key subsidiaries (collectively, the "Group"):

- 上海閔行協和房地產經營有限公司 (Shanghai Minhang Concord Property Development Co., Ltd.)
- 上海靜安協和房地產有限公司 (Shanghai Jingan-Concord Real Estate Co., Ltd.)
- 上海盈多利物業管理有限公司 (Shanghai Yingduoli Property Management Co., Ltd.)
- 重慶茵威房地產有限公司 (Chongqing Ace Blossom Real Estate Co., Ltd.)
- 重慶兩江房地產有限公司 (Chongqing Yangtze-Jialing River Real Estate Co., Ltd.)
- 重慶半山一號房地產有限公司 (Chongqing Mid-Levels No. 1 Real Estate Co., Ltd.)
- 重慶山頂一號房地產有限公司 (Chongqing Peak No. 1 Real Estate Co., Ltd.)
- 重慶江灣房地產有限公司 (Chongqing Riverside Real Estate Co., Ltd.)
- 重慶正天投資有限公司 (Chongqing Zhengtian Investment Ltd.)
- 重慶盈多利物業管理有限公司 (Chongqing Yingduoli Property Management Co., Ltd.)

Reporting Standard

This report has been prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx"). The Board has reviewed and approved the report to ensure its transparency and accuracy.

STAKEHOLDER ENGAGEMENT

The Group has actively engaged our stakeholders as they are an integral part of our sustainability framework. We maintain effective communication with our shareholders and investors, customers, employees and suppliers and contractors, via a number of communication channels. Their valuable opinions help us identify ESG risks and formulate corresponding risk control measures.

The following list summarises our diverse communication channels with different stakeholder groups:

Stakeholder groups	Engagement methods
Shareholders and investors	• Company website • Annual and interim reports • Regular meetings
Customers	• Company website • Annual and interim reports • Customer service and complaint channels
Employees	• Training and orientation • Performance review • Company activities
Suppliers and contractors	• Selection assessment • Tendering process

MATERIALITY ASSESSMENT

To analyse potential risk factors and meet the expectations of stakeholders, materiality assessment is essential for shaping the Group's sustainability strategies and direction of this report. In view of that, an independent consultant was entrusted to conduct a materiality assessment to indicate the material ESG issues that directly affect the business operation and development.

Identification

A list consists of potential ESG topics is generated based on global trends and local reporting standards. After reviewing the information, 27 relevant topics covering environmental and social aspects were identified for the materiality assessment.

Stakeholders Engagement

The identified materials were included in an online questionnaire. An online questionnaire was distributed to internal and external stakeholders including the board of directors, media, employees, and customers were invited to score the material potential ESG issues based on two aspects of "significance to the Group's business and operation" and "significance to the stakeholders".

Analysis

The collected feedbacks were analyzed and plotted in a materiality matrix to prioritize the ESG topics. Issues which fell in the upper right corner of the materiality matrix were defined as the topics that matter most to both the Group's business operation and our stakeholders are concerned about. Hence, this ESG report will focus on those issues and reflect the Group's related strategies and impacts. The results from the assessment will also be considered for ESG performance improvement in the future.

OUR WORKPLACE

Core Human Resources Philosophies

- Be responsible and attentive to work duties
- Coordinate and collaborate with each other towards common goals
- Demonstrate mutual respect in workplace
- Strictly abide by organisational principles, regulations and laws

The Group recognises our employees as the recipe of our success. We make every effort to create a safe, motivated and energetic workplace, while providing full assistance on continuous growth and development. As such, we have a creative and productive workforce in place to drive excellence.

Employment

The Group does not hesitate when it comes to offering competitive remuneration and benefits package to our employees, including base salary, bonuses, fixed working hours, holidays and annual leaves, rest days and social insurance. Our staff are also entitled to additional paid leaves such as marriage leaves and maternity leaves, and benefits such as allowances and commissions. All these are clearly stated in our Human Resources Policy and Management Procedure ensuring minimum confusion. We also comply with the applicable labour laws and regulations (e.g. the Labour Law of the People's Republic of China, the Labour Contract Law of the PRC and Social Insurance Law of the PRC etc.).

Diversity, equality and anti-discrimination have always been our core values. As stipulated in our Human Resources Policy and Management Procedure, we treat all our employees and job applicants equally, regardless of their race, sex, marital status, pregnancy, disability status or other forms of difference that has nothing to do with the job criteria. To retain high-quality talents, all decisions on recruitment, promotion, performance evaluation and salary adjustment are made solely based on qualifications, experience and capabilities. We have also outlined our code of conduct in the employee handbook in an attempt to promote a disciplined and respectful working environment. For example, we have zero tolerance on any forms of harassment and victimisation in our workplace and projects sites.

We aim to maintain an open communication between different employment levels. This will allow our employees to freely express their concerns and opinions regarding the current status of work. We make sure our employees' voices are heard and necessary actions will be taken where appropriate to maintain a cohesive and inclusive working environment.

Protection of labour rights is an area of concern we put much emphasis on. Employment of child labour and forced labour are strictly prohibited in all our business operations. To ensure all of our staff work consensually, all the employment conditions stated on the employment contract will be explained in detail to candidates before employment. We have also taken measures such as conducting identity checks and job eligibility checks of the candidates to ensure no employment of child labour nor forced labour.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labour.

Training & Development

The Group focalises staff training and career development as it is crucial to generating our competitive edge in the property development industry, attaining sustainable growth of our business as well as maximising the satisfaction of our people.

Under the guidance of the Training Management Policy and Procedure, our Human Resources department devises the annual training plan every year to design suitable training programmes according to our employees' needs. We provide training programmes in various forms, including new staff orientation, internal training and external training, while encouraging our employees to self-study during their spare time. During the Reporting Period, we have arranged a series of training activities, engaging different functional units on the following topics:

Management
- Management qualities
- Corporate vision
- Team building

Construction Unit
- Project construction management
- Construction hazardous risk control
- Construction safety

Sales Unit
- Sales techniques
- Sales management system and procedures
- Mortgage policies knowledge

Contract Unit
- Contract management
- Cost and budget management

For continuous improvement and future planning, we regularly review the types, forms, topics and effectiveness of these training programmes.

We recognise that investing in staff development is one of the major reasons we are able to maintain our competitive edge in the property development industry, sustain the continual growth of our business as well as enhancing the job satisfaction of our people. Therefore, we have a performance-based reward system in place in which we review the performance of each employee on a regular basis in an objective manner, then reward employees with excellent performance to encourage continuous career development.

Occupational Health & Safety

We take full responsibility in protecting our people from occupational hazards and diseases. Under our Occupational Health Management Procedure and Office Environment Management Standard, we implement measures to minimise the potential safety risks and to prevent work-related injuries, including adopting office security system, electricity safety and maintenance, good housekeeping, providing personal protective equipment to all workers, ensuring procurement of harmless raw materials and an effective incident report system. To further increase our employees' safety awareness and competency in dealing with emergency situations, we regularly organise safety training and drills. We also strictly comply with all applicable laws and regulations such as the Work Safety Law of the PRC and Law of the PRC on the Prevention and Control of Occupational Diseases.

Our main contractors are a crucial part in maintaining the safety in our construction sites. Our construction safety management guidelines outline the roles and responsibilities of contractors in terms of construction safety management. For instance, to protect workers in all work fields, especially specialised works such as machines operation, working at height, electricity work and welding, all our main contractors are required to conduct a comprehensive safety risk assessment and formulate corresponding avoidance or mitigation measures. Besides, our contractors must provide continuous safety training to all workers to make sure workers are conscious of safety issues at all stages of work.

In addition, we spare no effort in maintaining good site housekeeping. Daily site inspection is conducted to monitor on-site potential safety hazards and maintain the safety control measures. To ensure the contractors are complying with all the safety laws and regulations as well as the contract requirements, we regularly invite certified third-party occupational safety consultants to conduct site audit. In the event of an accident, on-site supervisor is required to promptly execute the Emergency Response Procedure and report the case to our safety administration. Every accident case will be followed by a thorough investigation to find out the root causes of the accident and take remedial actions where appropriate.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Fight Against COVID-19

The Group places pandemic control on the top of our agenda in order to provide full protection for our employees against the virus. We took a cautious approach, and implemented a series of pandemic control measures, including regular staff temperature measurement, strengthened office sanitation, internal social distancing regulations and procurement of epidemic prevention materials (such as face masks, hand sanitisers). To facilitate the implementation of the above measures, we have set up an epidemic control team to formulate epidemic control measures and monitor the process of epidemic control.

BUSINESS ETHICS

Code of Business Ethics

- Be loyal to the Group and actively maintain the Group's reputation and image
- Take good care of the Group's property
- Be honest and reliable, no concealment or fraud is allowed
- Avoid conflict of interest, be fair and equitable
- Strictly abide by organisational principles, regulations and laws

Business integrity and fair competition are the core values of our business model. Any bribery and corruption practices are strictly prohibited in our business operation. Our staff are required to uphold the highest standard of honesty, fairness and professionalism throughout our daily operations. In addition to compliance of the relevant laws and regulations such as the Criminal Law of the PRC, our Anti-corruption Management Procedure is in place to provide guidelines on our expected behaviours and conducts in our business dealings, including but not limited to financial management, contract and procurement management and quality assurance management in the property development projects. For instance, we prohibit all employees from receiving any advantages such as gifts, commission and entertainment from our business partners and customers, or abuse of power for their own benefits.

Educating our employees on their responsibilities and obligations is the first step to maintaining our ethical business, and thus we provide training that covers the topics of ethical business operations. Adopting an appropriate penalty system is also crucial, as our employees are subject to disciplinary actions, including termination of employment, upon violation of our ethical standards. In addition, we encourage our employees and business partners to report any suspected misconduct and malpractices. Likewise, these requirements apply to our supply chain, as we require our business partners to uphold the highest degree of business ethics and integrity, and strictly prohibit them from providing any benefits such as gifts, commission and entertainment to our staff in order to obtain any own advantages.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.

PRODUCT RESPONSIBILITIES

We hold high standards in our products and services, which is demonstrated in our top-tier properties and property management services. It is a result of a great effort in and attention to quality-assurance, supply chain management and business ethics.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising and labelling matters of products and services.

Delivering Excellent Services

Property Development

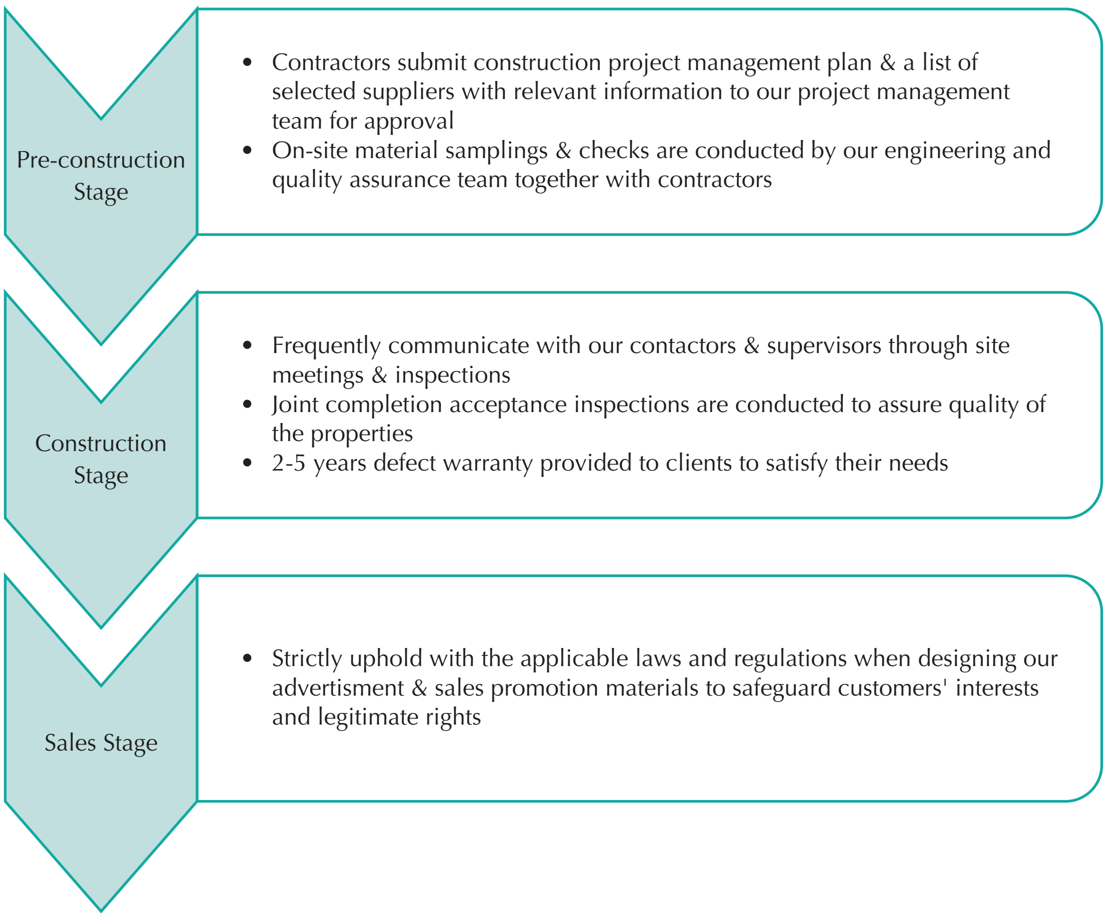
Guided by our Project Management Procedure, our dedicated project management team manages the overall performance of our development project life-cycle, from pre-construction, construction stage to sales stage in order to maintain the quality and safety of our every project.

During the pre-construction stage, it is our priority to comply with relevant laws and regulations such as Construction Law of the PRC, other industry standards and contract requirements. Thus, our contractors are required to submit detailed construction project management plans with respect of budget control, construction schedule, construction method statements and drawings to our project management team for approval prior to the commencement of construction works.

In terms of the use and procurement of materials, contractors are expected to apply for review and approval on the list of selected vendors, applicable material requirements, sample items, compliance certificates, and assessment reports. Our engineering and quality assurance teams will then conduct an on-site assessment with the selected suppliers and assess the quality of the products before mass purchase. When the materials arrive at the construction site, our engineering and quality assurance teams, together with the contractors, will carry out material sampling inspections and acceptance tests to verify whether the materials meet the applicable quality and safety requirements and industry standards.

At the construction stage, our engineering team works closely with the main contractors and supervises through conducting regular site meetings and inspections to ensure the structural works are built in accordance with the approved drawings and method statements, in addition to sorting out any potential issues at the earliest stage. Upon completion of construction, adding on to the self-inspections done by contractors, our engineering and quality assurance teams will also perform the completion acceptance inspections on the finished works in accordance with the agreed standards listed on the contract. In view of enhancing customer satisfaction and shouldering our product responsibilities, we offer in general two to five years of defect warranty period for our properties.

After the construction stage, the property is ready to be launched to the market. Our sales process, including the design of advertisement and sales promotion brochures, strictly abide by the requirements of the applicable laws and regulations such as Advertising Law of the PRC and Regulatory Measures on the Sale of Commercial Houses. We only provide true and accurate information on our advertisement and brochures, such that our customers' interests and legitimate rights are safeguarded.



Property Management

We have a set of Property Management Procedures in place helping us maintain the security of our managed buildings and provide quality property management services. The safety of our residents and tenants is fully protected under the implementation of various measures, including the installation of security systems, daily patrol and the installation and regular maintenance of fire services facilities. To ensure appropriate responses to crisis scenarios such as power blackout, water and gas supply failure, we have developed standardised guidelines for our staff to follow. On a regular basis, we organise drills to enhance residents' and tenants' awareness and preparedness on emergency situations such as fire and flooding hazards.

Customer satisfaction is another major aspect of our property management services. To understand our customers' needs and expectations, we have set up complaint handling procedures to respond to and resolve enquiries and complaints in a timely manner. The complaint records are documented and reviewed regularly to identify areas for improvement.

Managing Our Supply Chain

The Group emphasises the factor of business ethics when choosing its business partners. As such, we carry out stringent screening on suppliers regarding their competence, reliability and integrity to reduce potential risks. The Group also cares about the ESG impacts from its collaborating partners. Hence, priority will be given to those who have incorporated environmental and social sustainability in their business operations.

To have a better governance on supplier selection process, we have established a set of clear and strict management procedures. For potential suppliers, they have to go through a qualification assessment, including documentation review and on-site inspection. For potential materials procurement, suppliers are required to submit the pre-qualification assessment form to ensure all supplied materials are aligned with the national and industry standards. The next step is going through a business reference check and verification conducted by our procurement team, in which the qualifications, capabilities and integrity of the suppliers will be verified and evaluated. Only those who can pass all of the above assessment stages will the potential suppliers be included in the approved suppliers list.

Initial qualification assessment

Business reference check & verification

Listed on approved suppliers list

For existing suppliers, they are required to comply with our Supplier Code of Conduct, which sets out our expectations in the areas of legal compliance, environmental protection, child labour, forced labour, remuneration and working hours, employment, health and safety, anti-discrimination, sub-contractor management, anti-corruption, and audit and monitoring.

Meanwhile, we have a standardised tendering management mechanism in place to select suitable tenderers for our construction projects. To ensure the quality of tenders, our tendering team carries out the qualification assessment before potential contractors are registered as our on-list approved contractors. In addition, to maintain a fair and open competition in the project bidding, we employ several measures to make sure tenders fully understand the project nature and scope, contract requirements and other construction work requirements before their submissions. For example, we distribute a full set of tendering documents which clearly include all our requirements, terms and conditions, specifications and requested document list.

We highly value a fair and equitable decision-making on tendering. Thus, our dedicated technical team carries out comprehensive technical review on the received tendering documents under the guidance of the Tendering and Contract Management Procedure. In our decision-making, cost and technical capabilities are not the only considerations. Health, safety and environment ("HSE") management in the construction sites is another important attribute we look into, as we strive to minimise environmental and social impacts arising from our construction works. Candidates which offer a desirable price and demonstrate the best technical and HSE capabilities will be selected as our tenders.

Customer Privacy & Intellectual Property Rights

Our customers' privacy and intellectual property rights are safeguarded under a number of control measures. We have established a confidentiality committee responsible for monitoring of information confidentiality and handling information leaks if any. In addition, our employee handbook has outlined the information confidentiality provisions for our employees to follow and properly handle confidential information (e.g. trade secrets, contracts and price sensitive information) in our day-to-day business activities. Our employees are strictly prohibited from copying, transferring and disclosing confidential information to unauthorised parties without prior approval of the management or customers. Similarly, we request our suppliers and contractors to take due care for information confidentiality protection under the terms and conditions of the service contracts to avoid information leakage.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to privacy matters of products and services.

OUR ENVIRONMENT

Reducing Our Environmental Footprint

Adverse environmental impacts such as air pollution, disruption of vegetation, and misuse of land can possibility occur when developing without proper planning. In view of that, the Group is committed to minimising the environmental impacts of our buildings and enhancing the quality of life of our residents by incorporating sustainability in every stage of our business.

Consideration of the Environment in Three Stages

Planning Stage | **Construction Stage** | **Operational Stage**

In addition, the Group strictly complies with the relevant environmental laws and regulations such as the Environmental Protection Law of the PRC, the Law of the PRC on Appraising Environmental Impacts and Regulations on the Administration of Construction Project Environmental Protection.

Considering the Environment at Planning Stage

In order to pre-emptively identify potential environmental impacts and propose effective mitigation measures, we entrust specialised environmental consultants to conduct a comprehensive environmental impact assessment on our proposed development projects prior to construction work.

Nevertheless, we try to reduce the environmental footprint from our buildings by adopting diverse green building designs in our projects. A number of energy-efficient features, such as the use of external wall thermal insulation, building lighting control system with photo sensors or motion sensors in the structure of the building, and the utilisation of natural lighting and natural ventilation are included in our architectural designs. Other energy-saving equipment and facilities, including the high-efficient generators, air conditioners with low noise models, energy-saving transformers, LED or T5 fluorescent light fixtures, and water-efficient devices, are also being utilised.

Landscaping is another focused area of our green building system. Greening helps not only reduce greenhouse gas ("GHG"), but also minimise the heat island effect which in turn enhances the level of comfort of the surrounding environment. Apart from implementing greening at ground-level open areas, we continue to explore the feasibility of rooftop greening and vertical greening, which maximise the green coverage of our buildings.

In terms of material sourcing, we only purchase construction materials with high energy efficiency, high durability and low toxicity to eliminate foreseeable impacts such as contamination of land and frequent replacement while safeguarding building users' health. We also give priority to materials with national green labels or listed on the governmental green products list.

Environmental Impact Assessment

- ☑ Identify potential environmental impacts
- ☑ Propose mitigation measures
- ☑ Conducted by specialised expertise

Green Building Design

- ☑ Include high energy-efficiency features in architectural designs
- ☑ Utilise energy-saving equipment & facilities
- ☑ Maximising greening area
- ☑ Purchase high energy efficiency, high durability & low toxicity construction materials

Eliminating Environmental Impacts at Construction Stage

During the construction stage, we are aware that our air emissions, wastewater and waste generation, and natural resources consumption, are potential sources of environmental nuisances and pollution. As a result, we require our main contractors to pay great attention to pollution control and natural resources use, as well as strictly complying with all the environmental laws and regulations. For instance, our main contractors are requested to keep track of the amount of materials used in the construction process to avoid materials overstocking and wastage. In addition, the following mitigation measures have been implemented to manage air emissions, wastewater discharge and waste generation:

- Watering and properly covering construction materials with impervious sheets to suppress flying dust
- Using machineries with quiet engines and components
- Providing regular maintenance on construction plant to ensure normal operations
- Adopting proper wastewater treatment before discharge
- Reusing wastewater for vehicles wheel washing
- Proper sorting, recycling and disposing of construction waste

To ensure the effectiveness of the mitigation measures and monitor our contractors, our delegated project management team regularly conducts site inspections. In the event that defects are being found, rectifications and remedial actions will be carried out immediately.

Managing Our Properties at Operational Stage

At operational stage that the construction of the buildings are completed and residents are moving in, the main waste sources of our properties generally include domestic garbage even though construction waste and waste LED light bulbs can also be observed sometimes. All wastes are segregated properly and placed at designated storage locations before further handling and disposal by licensed waste collectors.

In the meantime, our management team conducts regular maintenance on the building facilities (e.g. ventilation system, exhaust fans and pumping systems) to ensure no excessive noise and vibration is affecting the surrounding neighbourhood.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources.

Efficient Resource Use

One of the Group's environmental goals is to achieve energy and resources efficiency. Governing by the internal guidelines for on-site energy and resources management, we have implemented the following measures at our project sites as responsible consumption practices:

Energy

- Establishment of energy consumption plan
- Adoption of energy efficient equipment and machinaries (e.g. LED light bulb)
- Appointment of specified personnel for managing workspace lighting
- Encouragement of employee energy saving behaviours

Water

- Rainwater collection & re-use
- Utilisation of water-saving equipment (e.g. water-saving faucets)
- Designing efficient water pipe system to lower chance of leakage
- Intallation of water meter to better monitor water consumption

Materials

- Establishment of material budget plan to optimise operation process & recycling rate
- Use of prefabricated components to avoid unnecessary material waste
- Avoiding unnecessary use of paper

To timely remind and promote the message of resource conservation, reminders and banners are displayed at project sites to cultivate a proactive resource preservation culture. Moreover, related trainings are organised to further educate our workers on the topic. Continuous improvement is essential for shaping a more effective and productive management system. In view of that, regular reviews on environmental performances of the subsidiaries are conducted to look for room for improvement.

Preserving the Environment and Natural Resources

The Group is dedicated to protecting the environment and natural resources. Aiming to become a responsible developer in the industry, we give priority to environmentally friendly products and materials recognised by Mainland China when making procurement decisions. We also uphold the idea of solely fulfilling relevant environmental laws and regulations including the Soil Pollution Prevention and Control Law of the PRC and the Environmental Protection Law of the PRC.

Our Environmental Performance

Since our operations involve the engagement of contractors to carry out our project works, the disclosed information is mainly based on available environmental data that we are able to track. We will continue to collaborate with our contractors in order to collect environmental data in the future to further enhance the transparency and traceability of our environmental performance.

	Unit	**2020[1]**	2019[1]	2018[1]
Types of Resources Use[2]				
Gasoline	Litre	**27,049.79**	32,495.98	30,371.30
Intensity	Litre per full-time employee	**237.28**	90.77	353.15
Diesel oil[3]	Litre	**1,440.00**	2,000.00	1,200.00
Intensity	Litre per full-time employee	**6.43**	8.89	5.85
Electricity[4]	MWh	**3,123.95**	2,719.36	3,916.32
Intensity	MWh per full-time employee	**9.13**	7.53	13.69
Water[5]	m^3	**30,384.31**	77,559.77	22,024.65
Intensity	m^3 per full-time employee	**90.97**	219.10	84.06

	Unit	**2020[1]**	2019[1]	2018[1]
Type of Waste[6]				
Non-hazardous Waste				
Construction waste	Tonne	**2,232.00**	2,928.00	35,864.00
Domestic waste	Tonne	**2,162.03**	6,004.20	12,480.00
Food waste	Tonne	**12.00**	—	16.80
Waste paper	Tonne	**1.42**	0.17	—
Total	Tonne	**4,407.45**	8,932.37	48,360.80
Intensity	Tonne per full-time employee	**12.81**	38.50	228.12
Hazardous Waste[7]				
Light bulbs	Tonne	**0.725**	0.01	—
Ink cartridge	Tonne	**—**	0.001	—
Electronic waste	Tonne	**—**	0.02	—
Others	Tonne	**0.001**	0.60	—
Total	Tonne	**0.726**	0.63	—
Intensity	Tonne per full-time employee	**0.003**	0.003	—
Wastewater Discharge[8]	m^3	**15,133.53**	10,885.00	8,331.00
Intensity	m^3 per full-time employee	**45.58**	39.58	133.14
GHG Emissions				
Direct Emission (Scope 1)[9]	tCO_2e	**200.36**	174.11	75.76
Indirect Emission (Scope 2)[10]	tCO_2e	**2,789.44**	2,413.43	3,687.99
Other Indirect Emission (Scope 3)[11]	tCO_2e	**2.87**	15.68	15.50
Total	tCO_2e	**2,992.67**	2,603.22	3,779.25
GHG Intensity	tCO_2e per full-time employee	**8.50**	7.00	12.64
Air Emissions[12]				
Nitrogen Oxides	kg	**14.08**	16.38	—
Sulphur Oxides	kg	**0.40**	0.46	—
Particulate Matter	kg	**1.04**	1.21	—

1 The coverage of energy, water, waste and greenhouse gas emissions in 2018, 2019 and 2020 includes the offices of the subsidiaries, the residential properties managed by the Group and the property development projects with the billing system scoped under the subsidiaries, and excludes the Group's headquarters in Hong Kong, as the contribution to the environmental impacts of its operation is considered as insignificant compared to the Group's property development and property management business. Our intensity values are based on subsidiaries with available environmental data.

2 Due to the Group's business nature, the amount of packaging material is considered insignificant.

3 The consumption of diesel is only used for the generator operation in the property managed by the Group's subsidiaries, namely, Chongqing Yingduoli Property Management Co., Ltd.

4 The total electricity consumption does not include the Group's subsidiaries which their electricity consumptions were considered as insignificant or no separate bills were issued.

5 The total water consumption does not include the Group's subsidiaries which their water consumptions were considered as insignificant or no separate bills were issued. We did not have any water sourcing problem faced during the Reporting Period.

6 The amount of waste generation only includes the subsidiaries, namely, Shanghai Yingduoli Property Management Co., Ltd. and Chongqing Yingduoli Property Management Co., Ltd. in 2018 and only includes the subsidiaries, namely, Chongqing Riverside Real Estate Co., Ltd., Shanghai Yingduoli Property Management Co., Ltd. and Chongqing Yingduoli Property Management Co., Ltd. in 2019. For 2020, only includes the subsidiaries, namely Chongqing Yingduoli Property Management Co., Ltd. and Shanghai Yingduoli Property Management Co., Ltd.

7 The amount of generated hazardous waste is not available for 2018 as no weight information is available.

8 The total wastewater discharge does not include the Group's subsidiaries which their records of wastewater discharge of other subsidiaries were not available or no separate bills were issued.

9 The direct emission (Scope 1) covers the emission from the stationary sources combustion, mobile sources combustion, and fugitive emissions from the use of refrigerants.

10 The indirect emission (Scope 2) covers the emission from the purchased electricity from power companies.

11 The other indirect emission (Scope 3) covers the emission from the business travel of employees only.

12 The information on air emissions generated by the use of company vehicles is not available for 2018.

OUR COMMUNITY

We cherish the local historical buildings and cultural heritage as they contain historic values and collective memories of the community. As such, we include both historic and modern unique features in our property design. To promote equality in our community and assist people in need, we provide a barrier-free environment to people with physical disabilities in our properties. Disabled friendly facilities (e.g. barrier-free entrance, wheelchair ramps, passenger lifts) have been integrated into our design and constructed in our properties for easy access.

We also understand the importance of shouldering social responsibilities and giving back to society. Thus, we are devoted to serving our community where we locate and operate. We encourage our employees to participate actively in different charitable and voluntary activities in our community.

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A Environmental		
A1 Emission	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 wastes. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Our Environment — Reducing Our Environmental Footprint, Our Environmental Performance
KPI A1.1	The types of emissions and respective emissions data.	Our Environment — Our Environmental Performance
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment — Our Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment — Our Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment — Our Environmental Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment — Reducing Our Environmental Footprint

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A Environmental		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment — Reducing Our Environmental Footprint
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Our Environment — Efficient Resource Use
KPI 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).	Our Environment — Our Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Environment — Our Environmental Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment — Efficient Resource Use
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environment — Efficient Resource Use, Our Environmental Performance
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Our Environment — Our Environmental Performance Not applicable as the amount of packaging material is considered insignificant due to the Group's business nature
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment — Preserving the Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment — Preserving the Environment and Natural Resources

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B Social		
B1 Employment	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.	Our Workplace — Employment
B2 Health and Safety	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impacts on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Workplace — Occupational Health & Safety, Fight Against COVID-19
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Our Workplace — Training & Development
B4 Labour Standard	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.	Our Workplace — Employment
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Product Responsibilities — Managing Our Supply Chain

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B Social		
B6 Product Responsibility	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.	Product Responsibilities — Delivering Excellent Services, Customer Privacy & Intellectual Property Rights
B7 Anti-corruption	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.	Business Ethics
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community

The directors present their annual report and the audited consolidated financial statements for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

The Group is principally engaged in the property development and property investment business in the People's Republic of China (the "PRC" or "China").

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 16 of this annual report. This discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, the Group revalued all of its investment properties at the year end date. The net decrease in fair value of investment properties, which has been debited directly to the consolidated statement of profit or loss amounted to RMB17,065,536,000.

During the year, the addition of investment properties under construction of the Group amounted to approximately RMB151,419,000.

Details of these and other movements during the year in property, plant and equipment and investment properties of the Group are set out in notes 13 and 14 to the consolidated financial statements, respectively.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five years ended December 31, 2020 is set out on page 172.

PROPERTIES

Particulars of major properties held by the Group are set out on pages 173 to 174.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Group for the year ended December 31, 2020 are set out in the consolidated statement of changes in equity on page 73.

SHARE CAPITAL

Details of the movements in Company's share capital during the year are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at December 31, 2020 were as follows:

	RMB'000
Share premium	**7,967,070**
Accumulated losses	**(2,721,299)**
	5,245,771

Under the Companies Act of the Cayman Islands, the share premium of the Company may be distributed subject to the provisions of the Company's Memorandum or Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible property developer, we are dedicated to reducing the environmental impact of buildings as well as enhancing the quality of life of our residents. We strive to incorporate the idea of sustainability in every steps of our business, from initial environmental impact assessment of project sites, product design stage, construction stage to operational stage. With the implementation of various environmental initiatives and practices, we strive to prevent negative impacts on the environment and to maximise the resource efficiency in our property development and property management business. During the year ended December 31, 2020, the Group was not aware of any material non-compliance with the applicable environmental laws and regulations that have a significant impact on the Group.

Looking ahead, we will continually raise our environmental performance. For more details, please refer to the "Environmental, Social and Governance Report" section in this report.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has maintained a good relationship with its employees, customers, suppliers and contractors:

Employees:	We recognise the importance of our employees and value their every contributions. We strive to create a safe, motivated and respectful workplace for our employees. We offer attractive remuneration and benefit packages to our employees based on their qualifications, experience and market standards to reward their efforts and contribution. To foster our employees' career development and maximise their potentials, we arrange various training programmes for our employees to acquire professional knowledge and technical skills.
Customers:	We aim to gain our customers trust by delivering safe properties and high-quality property management services. Through our close monitoring and on-site inspections, the quality and safety of our properties is properly maintained. To protect our customers' interests, we ensure accurate information is provided in our advertisements and sales brochures, and a defect warranty period is offered for our sold properties. We also have set up a complaint handling procedure to ensure all our customers' needs and expectations are appropriately addressed and handled.
Suppliers & Contractors:	We select suitable supplies and contractors through our standardised selection procedure and tendering management. Apart from complying with the relevant national laws and regulations, our contractor are required to follow the requirements of our quality, safety and environmental management standards in order to prevent serious building structural defects, work injuries and safety and environmental incidents during construction works. Additionally, to uphold the highest business integrity, we require our suppliers and contractors to observe our anti-corruption practices in our business partnerships.

For more details, please refer to the "Environmental, Social and Governance Report" section of this report.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:
Dr. Wang Shih Chang, George *(Chairman)*
Mr. Wong Sai Chung *(Managing Director)*
Mr. Xu Li Chang

Non-executive Director:
Mr. Kwan Kai Cheong

Independent non-executive Directors:
Mr. Warren Talbot Beckwith
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

Details of the Directors' and senior management's biographies have been set out on pages 17 to 19.

Each of the executive Directors has entered into a service agreement with the Company for a term of two years commencing from February 23, 2019. The Company has entered into a letter of appointment with each of the non-executive Director and the independent non-executive Directors for a term of two years commencing from February 23, 2019.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

Directors' and Chief Executives' Interests in Securities of the Company

As at December 31, 2020, the interests and/or short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of HK$0.1 each of the Company

As at December 31, 2020, the long position in ordinary shares and underlying shares of the Company of the directors and the chief executives are as follows:

Name of director	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wong Sai Chung ("Mr. Wong")	Corporate	1,356,800,000 shares	75%

Note:

Of these shareholding interests, 1,356,800,000 shares of the Company are directly held by Hillwealth Holdings Limited ("Hillwealth") whose entire issued share capital is owned by Mr. Wong.

(b) Long position in shares of associated corporations of the Company

Name of director	Nature of interest	Name of associated corporation	Number of issued ordinary shares held	Percentage of the issued share of the same class in the associated corporation	Note
Mr. Wong	Corporate	Concord Properties Holding (Shanghai) Limited ("CPH (Shanghai)")	100 non-voting deferred class "B" shares of HK$1.00 each	100%	(iii)
	Personal	Hillwealth	1 share of US$1.00	100%	(iv)

Notes:

(iii) CPH (Shanghai) is an indirectly owned subsidiary of the Company. It has in issue 100 non-voting deferred class "B" shares (the rights attached to which are set out in the Prospectus), all of which are beneficially owned by Concord China Land Holdings Limited which is in turn beneficially and wholly owned by Pacific Concord Holding Limited ("PCH") (which is wholly owned by Mr. Wong).

(iv) As Hillwealth directly holds approximately 75% of the total issued share capital of the Company and thus being the holding company of the Company, Hillwealth is an associated corporation of the Company under the SFO. The entire issued share capital of Hillwealth is owned by Mr. Wong.

As at December 31, 2020, Mr. Wong was a director of Hillwealth, Concord China Land Holdings Limited and PCH, and Dr. Wang Shih Chang, George was also director of PCH.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes are set out in note 32 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as disclosed in note 32 to the consolidated financial statements, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Details of the related party transactions are set out in note 33 to the consolidated financial statements. For those related party transactions which constituted connected transactions of the Company under the Listing Rules, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Other than as disclosed above, no transactions, arrangements or contracts of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries 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 during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in "Directors' and chief executives' interests in shares and underlying shares and debentures", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued capital of the Company as at December 31, 2020 and as at the date of this report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities in the year ended December 31, 2020.

CONNECTED TRANSACTIONS

During the year ended December 31, 2020, the Group entered into the following transactions with Frank Union Limited ("Frank Union") which constitute connected transactions of the Company. Frank Union is a company wholly-owned by Mr. Wong and Mr. Wong is a substantial shareholder and the managing Director of the Company. Hence, Frank Union is an associate a Mr. Wong and a connected person of the Company under the Listing Rules.

(1) Tenancy Agreement

Date:	August 12, 2020
Parties:	(a) Harriman Leasing Limited, as leasing agent for and on behalf of the landlord, Oripuma Investments Limited, an independent third party (the "Landlord"); (b) Frank Union as co-tenant; and (c) Magico Group Limited ("Magico") as co-tenant, an indirect wholly-owned subsidiary of the Company
Subject matter:	The leasing of office premises on 14/F, Wheelock House, 20 Peddar Street, Central, Hong Kong (the "Principal Office") by the Landlord with Frank Union and Magico being co-tenants.
Term:	Three years from August 1, 2020 to July 31, 2023
Rental:	The rental includes (i) a rent of HK$7,262,916 per annum (at HK$605,243 per month); and (ii) a service fee of HK$695,460 per annum (at HK$57,955 per month) which is subject to increase from time to time as may be notified by the Landlord (the "Rental"). Frank Union and Magico are also responsible for paying government rates, electricity fee, fixed line telephone charge and other charges in respect of the Principal Office (the "Other Charges").
Payment terms:	The Rental is to be paid by way of cheque drawn on a licensed bank in Hong Kong or in banknotes or by bankers' order if so demanded on a monthly basis payable in advance on the first day of each calendar month.
Deposit:	A deposit equivalent to three months' Rental and government rates is payable by Frank Union and Magico as co-tenants which may be forfeited in consequence of breach or non-observance by the co-tenants of the Tenancy Agreement.

(2) Sharing Agreement

Date:	August 12, 2020
Parties:	(a) Frank Union as the first tenant; and
	(b) Magico as the second tenant
Subject matter:	The parties to the Sharing Agreement agree that the Principal Office will be divided into two equal halves and each party will be entitled to occupy, use and possess half of the Principal Office to the exclusion of the other party. The Rental and Other Charges in respect of the Principal Office, and the deposit payable under the Tenancy Agreement will be shared equally by the parties. Each party shall also perform all the duties and discharge all the obligations and liabilities of the tenant under the Tenancy Agreement in so far as such duties, obligations and liabilities relate to the use, occupation and enjoyment of the portion of the Principal Office occupied by such party.

Please refer to the Company's announcements dated August 12, 2020 and August 13, 2020 for further details.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

Mr. Wong, managing director of the Company, is interested in certain property development projects in the PRC. Pursuant to the option agreements entered into between the Company and Mr. Wong on February 8, 2007, the Company has the right to acquire most of the properties held, whether directly or indirectly, by Mr. Wong. In addition, pursuant to the non-competition deed dated February 8, 2007 signed by Mr. Wong in favour of the Company (the "Non-competition Deed"), Mr. Wong has undertaken to the Company to make necessary arrangements as stated in the Non-competition Deed to avoid competing with the business of the Group. Details of such arrangements are set out in the Prospectus.

The Company has received confirmation from Mr. Wong that he has complied with the terms of the Deed of Undertaking since the Listing and up to the date of this report. Furthermore, there was no new business opportunities referred from Mr. Wong to the Company during the same period.

Saved as disclosed above, during the year ended December 31, 2020 and up to the date of this report, none of the directors, the substantial shareholders or the management shareholders had any interests in any business which competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's five largest customers were less than 30% of total revenue.

The largest supplier of the Group by itself and taken together with the next four largest suppliers accounted for 10.4% and 31.4% respectively of the Group's total purchases for the year.

At no time during the year did a director, an associate of a director, or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers.

EMOLUMENT POLICY

As at December 31, 2020, the Group had 367 employees in Hong Kong and in the PRC. The total staff costs incurred were approximately RMB38 million.

The Group remunerates its employees mainly with reference to individual performance, qualification, experience and the prevailing industry practice. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as individual performance. In addition, share options may be granted from time to time in accordance with the terms of the Company's approved share option scheme to provide incentives and rewards to the employees.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintain high standards of corporate governance. A report on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 33.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules as at the latest practicable date prior to the issue of this report.

AUDITOR

BDO Limited continued in office as the Company's auditor for the year ended December 31, 2020. A resolution will be submitted to the annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Dr. Wang Shih Chang, George
Chairman

Hong Kong, September 30, 2022

BDO

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TO THE MEMBERS OF CHINA PROPERTIES GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Properties Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 70 to 171, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to appropriateness of the going concern assumption

As set out in note 1 to the consolidated financial statements, which indicates that the Group recorded a net loss of RMB14,476,266,000 for the year ended December 31, 2020 and, as of the date, the Group had net current liabilities of RMB7,730,900,000. As at December 31, 2020, the Group's total borrowings (principal and interest) and 15% fixed rate senior notes (the "15% US$ Senior Notes") amounted to RMB7,361,846,000, out of which RMB5,703,304,000 were in default and RMB1,658,542,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB2,521,000. Subsequent to December 31, 2020, the Group did not repay total principal and interest of US$231,284,000 (equivalent to RMB1,518,440,000) of the 15% US$ Senior Notes due in October 2021. These 15% US$ Senior Notes became in default and are repayable on demand. In addition, a winding-up petition was filed to the court by one of the lenders against the Company on February 28, 2022.

These events and conditions that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the directors of the Company plan to undertake a number of measures to improve the Group's cash flows, liquidity and financial position to enable the Group to meet its liabilities, which are set out in note 1 to the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION — Continued

Scope limitation relating to appropriateness of the going concern assumption — Continued

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of these plans and measures, which are subject to multiple uncertainties, including: 1) the successful negotiation of borrowings of RMB3,500,000,000 (the "First Refinancing") to fully settle amounts due (including accrued interest and penalties) to (a) 平安大華匯通財富管理有限公司 and its fellow subsidiaries ("PinganDahua Group"), where PinganDahua Group has assigned all its rights thereunder to 西藏瓴達信投資管理有限公司 (Tibet Lingdaxin Investment Management Co., Ltd.); and (b) 中建投信託股份有限公司; 2) the successful negotiation and obtainment of further borrowings of approximately RMB4,240,000,000 (the "Second Refinancing") from other financial institutions using certain properties in Shanghai and Chongqing as collateral (including but not limited to properties which are currently used as collaterals and are expected to be released upon obtaining the First Refinancing) to fully settle amounts due (including accrued interest and penalties) under the 15% US$ Senior Notes, the entrusted loan granted by 陸家嘴國際信託有限公司 and other loans and/or borrowings of the Group, and any remaining balance will be used to finance the Group's general working capital; 3) the successful dismissal of the winding-up petition; and 4) derivation of proceeds from the sales of properties held for sale and pre-sale of properties under development of sale of certain projects in Shanghai and Chongqing during the Group's ordinary and usual course of business.

However, during the course of our audit for the financial year ended December 31, 2020, we were unable to obtain sufficient information to enable us to evaluate the likelihood of success of the executing the First Refinancing and Second Refinancing plans and, therefore, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to continue to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION — Continued

Scope limitation on measurement of fair value of the investment property of Shanghai Concord City Phase II Southern portion

As disclosed in the section headed "land use right and valuation — Shanghai Concord City Phase II — Southern portion" in note 4 to the consolidated financial statements, a wholly-owned subsidiary of the Group, Shanghai Jingan Concord Real Estate Co. Ltd ("Shanghai Jingan") held a parcel of land situated at Yongyuanbang, Nanjing West Road, Shanghai of approximately 19,800 square meters (the "Target Land" or "Lot #4"). The Target Land is related to the southern portion of Shanghai Concord City Phase II project. As further explained in that note, the Shanghai Jingan District Planning and Natural Resources Bureau ("Jingan Bureau") issued a determination letter of idle land identification to Shanghai Jingan. If proven to be idle land, Jingan Bureau may have the right to take back Target Land for no compensation. As at December 31, 2020, the Target Land was accounted for as investment properties using the fair value model with a carrying amount of approximately RMB13,339,850,000 as included in RMB36,764,976,000 that was disclosed in note 14 to the consolidated financial statements.

For preparing the consolidated financial statements for the year ended December 31, 2020, the Group has appointed an independent professional valuer to perform a valuation over the Target Land as at December 31, 2020. However, the valuation carried out by the professional valuer did not take into account the previously mentioned possible outcomes of the negotiation with the Jingan Bureau. The directors of the Company made an estimation based on the valuation report and considering the information available as at December 31, 2020 that there is a 60% probability that the Target Land would not found to be idle land and a 40% probability that it would be found to be idle land and be taken back by Jingan Bureau for no compensation. The directors of the Company applied a weighted probability approach to determine the fair value of the Target Land using these probabilities and determined that the fair value of the Target Land as at December 31, 2020 was RMB13,339,850,000 and the relevant change in fair value of RMB8,893,233,000 was recognised in the profit or loss for the year ended December 31, 2020. The deferred tax liability of RMB2,654,662,000 relevant to the Target Land was recognised in the consolidated statement of financial position as at December 31, 2020 and was included in the deferred tax liabilities attributable to fair value adjustment of investment properties amounting to RMB6,720,029,000 as disclosed in note 23 to the consolidated financial statements. In respect of the aforesaid fair value change, a corresponding income tax credit of RMB2,223,308,000 was recognized in profit or loss.

However, during the course of our audit for the year ended December 31, 2020, we were not provided with explanation nor information that is in sufficient detail to support the probabilities that were applied by the directors of the Company to determine the fair value of the Target Land as at December 31, 2020. We were accordingly unable to determine whether the fair value of the Target Land of RMB13,339,850,000 and the deferred tax liabilities of RMB2,654,662,000 as at December 31, 2020, and the fair value changes in the Target Land of RMB8,893,233,000 and income tax credit of RMB2,223,308,000 for the year ended December 31, 2020 are fairly stated. Any adjustment which might be found to be necessary would have a consequential effect on the Group's financial position as at December 31, 2020 and the financial performance for the year ended December 31, 2020 and related disclosures in these financial statements.

BASIS FOR DISCLAIMER OF OPINION — Continued

Scope limitation on cash and bank balance and other bank related balances

As at December 31, 2020, the Company had cash and bank balances of RMB2,521,000. During the course of our audit, we have arranged bank confirmations, however, the bank balances of RMB252,000 have not yet returned up to the date of this report.

In the absence of sufficient supporting documents relating to the balance of cash at these banks, we were unable to obtain satisfactory audit evidence as to the existence, accuracy and completeness of the Group's bank balance as at December 31, 2020, nor any other balances and transactions, including, but not limited to, contingent liabilities, guarantees issued or other assets or liabilities that might have been entered into by the Group with this bank ("Other Items"). There were no other alternative audit procedures we could perform to satisfy ourselves whether the cash and bank balance as at December 31, 2020 are fairly stated and whether any Other Items need to be disclosed or recognised for the year ended December 31, 2020.

Any adjustments which might have been found necessary in respect of the cash and bank balances and Other Items would have a consequential effect on the Group's statement of financial position as at December 31, 2020, its loss for the year and the disclosures in the notes to the financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the audit committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

BDO Limited
Certified Public Accountants
Jonathan Russell Leong
Practising Certificate Number P03246
Hong Kong
September 30, 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
Revenue	6	**403,997**	589,300
Cost of sales		**(717,674)**	(372,401)
Gross (loss)/profit		**(313,677)**	216,899
Other income, gains and losses, net	6	**(641,775)**	(24,927)
Net exchange gain/(loss)		**116,610**	(42,197)
Selling expenses		**(3,210)**	(8,963)
Administrative expenses		**(128,204)**	(109,433)
Provision for settlement fee and other relevant cost	9	**(695,626)**	(614,120)
Finance costs	7	**(393,187)**	(1,068)
Loss from operation before changes in fair value of investment properties		**(2,059,069)**	(583,809)
Changes in fair value of investment properties	14	**(17,065,536)**	257,210
Loss before tax	9	**(19,124,605)**	(326,599)
Income tax credit	8	**4,648,339**	43,614
Loss and total comprehensive income for the year attributable to the owners of the Company		**(14,476,266)**	(282,985)
Loss per share			
Basic and diluted (RMB)	12	**(8.00)**	(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Notes	2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**539,677**	520,446
Investment properties	14	**36,764,976**	54,142,956
		37,304,653	54,663,402
Current assets			
Properties under development for sale	15	**5,419,849**	6,242,285
Properties held for sale	16	**485,040**	435,805
Other receivables, deposits and prepayments	17	**152,373**	212,304
Pledged/restricted bank deposits	18	**25,119**	32,542
Bank balances and cash	18	**2,521**	18,682
		6,084,902	6,941,618
Current liabilities			
Contract liabilities	19	**381,820**	725,309
Construction costs accruals		**222,578**	293,485
Other payables and accruals	26	**1,488,783**	864,733
Amount due to a shareholder	20	**4,152,073**	3,897,576
Lease liabilities	30	**2,795**	2,577
Tax payables		**205,907**	749,404
Borrowings	21	**5,843,406**	5,306,704
15.0% fixed-rate senior notes	22	**1,518,440**	1,606,390
		13,815,802	13,446,178
Net current liabilities		**(7,730,900)**	(6,504,560)
Total assets less current liabilities		**29,573,753**	48,158,842
Non-current liabilities			
Lease liabilities	30	**4,282**	251
Deferred tax liabilities	23	**6,779,157**	10,892,011
		6,783,439	10,892,262
Net assets		**22,790,314**	37,266,580

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
EQUITY			
Capital and reserves			
Share capital	24	**170,073**	170,073
Share premium and reserves		**22,620,241**	37,096,507
Total equity		**22,790,314**	37,266,580

The consolidated financial statements on pages 70 to 171 were approved and authorised for issue by the directors on September 30, 2022.

Dr. Wang Shih Chang, George
Director

Wong Sai Chung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Revaluation reserve**	**Special reserve**	**Other reserve**	**General reserve**	**Shareholder contribution reserve**	**Retained earnings**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000 (note c)	RMB'000 (note d)	RMB'000	RMB'000
At January 1, 2019	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	32,550,540	37,549,565
Loss and total comprehensive income for the year	—	—	—	—	—	—	—	(282,985)	(282,985)
At December 31, 2019	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	32,267,555	37,266,580
Loss and total comprehensive income for the year	—	—	—	—	—	—	—	(14,476,266)	(14,476,266)
At December 31, 2020	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	17,791,289	22,790,314

Notes:

(a) Special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganisation ("Corporate Reorganisation") to rationalise the Group structure prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(b) Other reserve arose from the acquisition by Mr. Wong Sai Chung ("Mr. Wong"), the ultimate controlling shareholder of the Company, of the interests in the Company's subsidiaries owned by other shareholders and the implementation of the Corporate Reorganisation.

(c) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC may make an allocation to the general reserve from its profit for the year (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The general reserve can only be used upon approval by the board of directors of the relevant subsidiaries to offset accumulated losses or increase capital.

(d) Shareholder contribution reserve represents the deemed contribution arising from the loan from a shareholder, Mr. Wong.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(19,124,605)**	(326,599)
Adjustments for:		
Depreciation of property, plant and equipment	**4,948**	5,010
Changes in fair value of investment properties	**17,065,536**	(257,210)
Finance costs	**393,187**	1,068
Interest income	**(45)**	(61)
Loss on disposal of investment properties and properties under development for sale	**643,182**	25,246
(Gain)/loss on disposal of property, plant and equipment	**(815)**	63
Provision for impairment of properties under development for sale and properties held for sale	**421,879**	—
Provision for settlement fee and other relevant cost	**659,626**	614,120
Unrealised exchange (gain)/loss, net	**(112,426)**	42,197
Operating cash flows before movements in working capital	**(49,533)**	103,834
Increase in properties under development for sale	**(10,498)**	(212,426)
Decrease in properties held for sale	**279,415**	360,923
Decrease/(increase) in other receivables, deposits and prepayments	**59,931**	(26,183)
Decrease in contract liabilities	**(343,489)**	(140,054)
(Decrease)/increase in construction costs accruals	**(70,540)**	1,994
(Decrease)/increase in other payables and accruals	**(35,576)**	57,361
Cash (used in)/generated from operations	**(170,290)**	145,449
PRC taxes paid	**(8,012)**	(2,527)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(178,302)**	142,922
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(773)**	(886)
Additions to investment properties	**(5,094)**	(231,405)
Proceeds received from disposal of property, plant and equipment	**926**	124
Proceeds received from disposal of investment properties and properties under development for sale	**97,520**	39,512
Withdrawal of pledged/restricted bank deposits	**7,423**	—
Placement of pledged/restricted bank deposits	**—**	(8,142)
Interest received	**45**	61
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**100,047**	(200,736)

	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
New borrowings raised	**176,740**	233,525
Repayment of borrowings	**(101,800)**	(277,171)
Advance from a shareholder	**269,703**	399,439
Repayment of principal portion of the lease liabilities	**(3,167)**	(3,627)
Interest paid	**(276,602)**	(312,833)
Repayment upon exercise of option of senior note holder	**(2,780)**	—
NET CASH GENERATED FROM FINANCING ACTIVITIES	**62,094**	39,333
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(16,161)**	(18,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**18,682**	37,163
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	**2,521**	18,682

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

China Properties Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Hillwealth Holdings Limited ("Hillwealth"), a limited company incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling shareholder is Mr. Wong, who is also the Managing Director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in property development and property investment in the PRC. The principal activities of its principal subsidiaries are set out in note 36.

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of RMB14,476,266,000 for the year ended December 31, 2020. As of December 31, 2020, the Group has net current liabilities of RMB7,730,900,000 including construction costs accruals of RMB222,578,000, other payables and accruals of RMB1,488,783,000, amount due to shareholder of RMB4,152,073,000, borrowings of RMB5,843,406,000 and 15.0% fixed-rate senior notes (the "15% US$ Senior Notes") of RMB1,518,440,000 are repayable on demand or due to be repaid within one year from the end of the reporting period.

In addition, certain of the borrowings referred to above with the total principal and interest amounting to RMB5,703,304,000 were overdue pursuant to the borrowing agreements and in default, out of which RMB3,612,075,000 remain outstanding up to the date of the approval of these consolidated financial statements. These lenders have taken legal action to demand repayment of these borrowings and some of these lender have exercised their rights to sell the pledged assets, details of which are set out in note 34. The Group also had commitments for future construction contracted but not provided for in the consolidated financial statements of approximately RMB1,224,734,000 as set out in note 35. Subsequent to December 31, 2020, the Group did not repay total principal and interest of US$231,284,000 (equivalent to RMB1,518,440,000) of the 15% US$ Senior Notes due in October 2021. These 15% US$ Senior Notes became in default and are repayable on demand. In addition, a winding-up petition was filed to the court by one of the lenders, 中建投信託股份有限公司 (the "JIC Trust"), against the Company on February 28, 2022, further details of which are set out in note 38.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS — Continued

The above conditions indicate the existence of a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from the date of approval of these financial statements, after taking into consideration of the following:

1) the Company has been actively negotiating with several financial institutions to obtain new borrowings of RMB3,500,000,000 (the "First Refinancing") to fully settle amounts due (including accrued interest and penalties) to (a) 平安大華匯通財富管理有限公司 and its fellow subsidiaries ("PinganDahua Group"), where PinganDahua Group has assigned all its rights thereunder to 西藏瓴達信投資管理有限公司 (Tibet Lingdaxin Investment Management Co., Ltd.); and (b) JIC Trust, further details of which are set out in note 34. If the First Refinancing is successful, certain pledged properties located in Shanghai and Chongqing currently pledged as security to these lenders are expected to be released. The carrying value of these properties at December 31, 2020 is approximately RMB29,542,833,000. It is the Group's intention to seek additional borrowings of approximately RMB4,240,000,000 (the "Second Refinancing") from other financial institutions using the certain properties in Shanghai and Chongqing as collateral (including but not limited to the aforementioned pledged properties). The directors believe the Second Refinancing should be sufficient to settle all amounts due (including accrued interest and penalties) under the 15% US$ Senior Notes (further details of which are set out in note 38) the entrusted loan granted by 陸家嘴國際信託有限公司 ("Lujiazui") (further details of which are set out in note 34) and other loans and/or borrowings of the Group, and any remaining balance will be used to finance the Group's general working capital;

2) Shanghai Jingan-Concord Real Estate Co., Ltd. ("Shanghai Jingan") has filed applications to The Supreme People's Court of the People's Republic of China (最高人民法院) (the "PRC Supreme Court") for a review (the "Review") of the application of law and factual errors in the rulings in the judicial process of execution of auctioning (the "Auctions") of (i) a land parcel with total site area of 19,800 square meters located in the southern portion of Shanghai Concord City Phase II ("Lot #4 Land"); (ii) a land parcel with a total site area of 7,838 square meters located in the northern portion of Shanghai Concord City Phase II ("Lot #3 Land"); (iii) a land parcel with a total site area of 11,208 square meters located in the northern portion of Shanghai Concord City Phase II ("Lot #5 Land"); and (iv) a property owned by Shanghai Jingan located at West Nanjing Road, Jing'an District, Shanghai, the People's Republic of China with gross floor area of 7,340 square meters (the "Huashan Building"). The PRC Supreme Court has conducted the filing and examination for the Review. If the PRC Supreme Court rules in favour of Shanghai Jingan, the PRC Supreme Court may rectify the Auctions or order that Shanghai Jingan be compensated, which will impact on the outstanding debts of Shanghai Jingan, which in turn, may affect the grounds for the winding-up petition filed by JIC Trust against the Company in Hong Kong (the "Petition");

3) the Company has been convincing other creditors not to exercise their rights to demand for immediate repayment of borrowings and the 15% US$ Senior Notes;

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS — Continued

4) a confirmation from a shareholder, Mr. Wong, that he would not demand repayment of the amount due to him of RMB4,152,073,000 until the Group has excess cash to repay; and

5) the Group will be able to derive proceeds from the sales of properties held for sale and pre-sale of properties under development for sale of certain projects in Shanghai and Chongqing during the Group's ordinary and usual course of business.

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended December 31, 2020 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the successful outcome of the Group's plans and measures to mitigate its liquidity pressure and to generate adequate financing and operating cash flows as set out above, including:

(1) (i) the successful negotiation of the First Refinancing to fully settle amounts due (including accrued interest and penalties) to (a) PinganDahua Group where PinganDahua Group has assigned all its rights thereunder to Tibet Lingdaxin Investment Management Co., Ltd.; and (b) JIC Trust; and (ii) the successful negotiation and obtainment of further borrowings of the Second Refinancing from other financial institutions using certain properties in Shanghai and Chongqing as collateral (Including but not limited to properties which are currently used as collaterals and are expected to be released upon obtaining the First Refinancing) to fully settle amounts due (including accrued interest and penalties) under the 15% US$ Senior Notes, the entrusted loan granted by Lujiazui and other loans and/or borrowings of the Group, and any remaining balance will be used to finance the Group's general working capital;

(2) the successful dismissal of the Petition;

(3) successfully convinced the other creditors not to exercise their rights to demand for immediate repayment of borrowings and the 15% US$ Senior Notes; and

(4) derivation of proceeds from the sales of properties held for sale and pre-sale of properties under development for sale of certain projects in Shanghai and Chongqing during the Group's ordinary and usual course of business.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS — Continued

Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of revised HKFRSs — effective January 1, 2020

The Group has applied the following revised HKFRSs and amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

None of these revised HKFRSs and amendments in the current year has material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Property, plant and equipment — Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[3]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[5]

1 Effective for annual periods beginning on or after January 1, 2021
2 Effective for annual periods beginning on or after April 1, 2021
3 Effective for annual periods beginning on or after January 1, 2022
4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022
5 Effective for annual periods beginning on or after January 1, 2023
6 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective — Continued

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 16 — Property, plant and equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective — Continued

Amendments to HKFRS 3 — Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of this standard in the future will have a material impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of this standard in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rate.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective — Continued

Amendments to HKFRSs — Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKFRS 16 — Covid-19-Related Rent Concessions beyond June 30, 2021

The 2021 Amendments to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payment originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective — Continued

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

New/revised HKFRSs that have been issued but are not yet effective — Continued

Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities arising from a Single Transaction — Continued

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained profits, or another component of equity, as appropriate.

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. For entities which may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Basis of consolidation — Continued

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

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

If control of the goods or services 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 goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

For revenue from sale of properties and pre-completion contracts for the sale of development properties in the ordinary course of business, customers obtain control of the properties when the properties are delivered to and have been accepted. Revenue is thus recognised when the customers accept the properties. There is no other goods or services agreed to be provided in the contract and in practice. There is generally only one performance obligation. Payments are usually received in advance and recognised as contract liabilities.

Service income is recognised over time as those services are provided and customers simultaneously receives and consumes the benefits provided by the Group. Invoices are usually payable on presentation.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Revenue recognition — Continued

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. For financial assets measured at amortised cost that are not credit-impaired at the date of acquisition, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial asset, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance described in the accounting policy for financial instruments below) of the asset.

Contract assets and liabilities

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

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

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Cost comprises both the prepaid lease payments for the land and development cost for the property. Net realisable value takes into account the price ultimately expected to be realised, less the cost necessary to make the sale and the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs capitalised according to the Group's accounting policy and directly attributable cost incurred during the development period. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development costs attributable to the properties held for sale, other costs that have been incurred in bringing the properties to their existing condition such as finance costs are capitalised.

Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Financial instruments — Continued

Financial assets — 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 three 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. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Financial instruments — Continued

Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade receivables, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the twelve-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Financial instruments — Continued

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including construction costs accruals, other payables and accruals, borrowings, amount due to a shareholder and 15.0% fixed-rate senior notes are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss or, where certain conditions are met, capitalised in qualifying assets.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Financial instruments — Continued

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months, if any. The lease payments associated with those leases have been expensed in straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Leasing — Continued

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the assets' useful life and the lease term (including the extension option period, as appropriate) on a straight-line basis. If the Group is reasonably certain to exercise a purchase option (if any), the right-of-use asset is depreciated over the underlying asset's useful life.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 as investment properties and are carried at fair value. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are amortised over the shorter of assets' useful life and the lease term on a straight-line basis.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Leasing — Continued

Accounting as a lessor

The Group has leased out certain of its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Capitalisation of borrowing costs

Borrowing costs including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs which are 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.

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

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects any uncertainty related to income tax.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Taxation — Continued

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes (both are defined contribution retirement schemes) are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES — Continued

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Given Covid-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

Except as disclosed elsewhere in the consolidated financial statements, the following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Going concern basis

As disclosed in note 1, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into account of all relevant available information about the future of the Group, including cash flow forecast of the Group covering a period up to 31 December 2023. Such forecast about the future inherently involve various assumptions and uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis not appropriate.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY — Continued

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Land use right and valuation — Shanghai Concord City Phase II — Southern portion

In April 1999, the PRC Ministry of Land and Resources introduced certain rules ("Rules on the Disposal of Idle Land" or "Rules") to deal with state-owned land designated for development purposes, where the land owner did not commence construction within a reasonable time. These Rules were subsequently revised in 2012. The Rules were introduced to tackle government corruption in land hoarding and prevent abuse of administrative power, but also introduced a mechanism for the authorities to take back state-owned land with no compensation if development of the land had not commenced within an agreed/reasonable time.

On November 6, 2019, Shanghai Jingan District Planning and Natural Resources Bureau ("Jingan Bureau") published on its official website that Jingan Bureau issued a determination letter of idle land identification on July 15, 2018 (the "Letter") to a subsidiary of the Company, Shanghai Jingan Concord Real Estate Co., Ltd ("Shanghai Jingan") (the "Determination"). The Determination referred to a parcel of land (lot #4) with total site area of 19,800 square meters which is located in the southern portion of Shanghai Concord City Phase II (the "Target Land" or "Lot #4 Land"). The overall Concord City Project comprised several adjacent pieces of land comprising Land Lots #1, #3, #4, #5 & #7 located at Yongyuanbang, Nanjing West Road, Shanghai, which were acquired by the Group from 1992 to 1994. Phase I of Concord City Project comprising of Land Lot #1 & #7 was developed into a residential and shopping complex and was completed in around 2002. Phase II comprising Land Lot #3, #4 & #5 was intended to be developed in two parts — North Concord City (Land Lot #3 & #5) was to be developed into a hotel and retail complex and South Concord City was to be developed into a commercial/residential complex. Construction on North Concord City commenced in 2008 and was completed in around 2015. South Concord City represents Lot #4 Land (also referred to as Target Land) and no construction has commenced to date as there are several changes for the Zoning Plan from Jingan Bureau and relevant government departments.

The Determination identified the Target Land as idle land for the reason that the land parcel has not been developed and constructed by Shanghai Jingan to at least 60% of the construction area by June 30, 1997.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY — Continued

Key sources of estimation uncertainty — Continued

Land use right and valuation — Shanghai Concord City Phase II — Southern portion — Continued

However, the directors of the Company did not at any time receive the Letter, which is a critical part of the legal procedure under the Rules and only became aware of this matter when Jingan Bureau published the Determination on its website on November 6, 2019. In addition, the directors consider the requirement to complete at least 60% of construction on Target Land by June 30, 1997 to be invalid because amongst other things, the Lot #4 Land was significantly enlarged by way of supplementary agreement with Shanghai authorities in 2000, invalidating the original land transfer agreement and the Target Land was only handed over to the Group in 2003.

For the year ended December 31, 2019, with the advice of its legal advisors, the directors of the Company were of the view that the Group had sound legal grounds to argue the Target Land does not constitute idle land as alleged in the Determination, as the Jingan Bureau did not follow the required legal procedure amongst other things.

During the current year ended December 31, 2020, the Jingan Bureau convened a hearing with Shanghai Jingan on August 20, 2020 (the "Hearing") to discuss whether Lot #4 Land was idle land. The Hearing is a required step under the normal legal procedure to make a determination as to whether Lot #4 Land was idle land. At the Hearing, both sides exchanged views as to who was at fault for the long delay in the development of the land. From Shanghai Jingan's perspective there were many delays/changes in the delivery of land, approval of development plans and zoning plan changes, including a 2007 detailed regulatory plan for Lot #4 Land which disallowed the land to be used for residential purposes which Shanghai Jingan did not agree to. From Jingan Bureau's perspective, the change in plans at city/municipal level over time is normal and usual given that Shanghai Jingan has held the land for over 20 years. In addition, Jingan Bureau claimed the delay in development was due to Shanghai Jingan's own changes in plans and not due to the fault of the Shanghai Government.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY — Continued

Key sources of estimation uncertainty — Continued

Land use right and valuation — Shanghai Concord City Phase II — Southern portion — Continued

In order for the land not be held as idle, it is required to be developed to at least 60% of gross floor area above ground. Critically, the Group held the view that in determining whether the land is idle, Lot #1, #3, #4, #5 and #7 should be taken together as a whole when area developed is calculated, given these lots were subject to same planning parameters and were planned to be developed as a whole (all the lots are adjacent to each other). Jingan Bureau disagreed and claimed Lot #4 Land had a separate land grant contract and land use right certificate. Accordingly, the area developed should be determined on a standalone basis. If the various lots of land the Group owns under Shanghai Concord City project are aggregated together and taken as a whole, then the Group meets the required minimum threshold area that is required to be developed. If Lot #4 Land is evaluated separately on a standalone basis then it does not.

The Group's legal advisors are of the view that if the above matter were to be resolved in court, Shanghai Jingan would have a good chance of succeeding. However, the Directors are cognizant that there is a risk of the court not finding in favour of Shanghai Jingan, in which case the land could be taken back by Shanghai Government for no compensation. Although the Directors believe the outcome is a binary one, the two outcomes give very different results. The Group's independent valuers have determined the fair value of Lot #4 Land to be approximately RMB22,233,083,000. However the valuers did not make any adjustment for the potential risk that the land would be determined to be idle land as they said no formal adjudication on the issue had been made and in any case they did not have sufficient information to make such adjustment. In this light, the Directors have, taking into account the report of the independent valuers, the view of their legal advisors and the information available to them, estimated that there is a 60% probability that the Lot #4 Land would not be found to be idle land and 40% probability that it would and be taken back by Jingan Bureau for no compensation. The Directors have accordingly used a weighted probability approach to determine the fair value of Lot #4 Land at December 31, 2020 and made an adjustment to reduce the fair value of Lot #4 Land by RMB8,893,233,000 for the year ended December 31, 2020. This adjustment also resulted in a corresponding deferred tax credit to profit and loss of RMB2,223,308,000.

It should be noted that Lot #4 Land was mortgaged as security to one of the Group's Lenders. Subsequent to the year end on July 14, 2021, Lot #4 Land was sold by way of public auction for RMB2,468,390,000 to partially satisfy the debt due to that lender. Further details are set out in note 34.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY — Continued

Key sources of estimation uncertainty — Continued

Estimate of fair value of investment properties under construction

As described in note 14, investment properties under construction are mainly measured at fair value at the end of each reporting period using a residual method with the assistance of independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are appropriate, reasonable and reflect market conditions. Where there are any changes in the assumptions due to the market conditions in the PRC, the estimate of fair value of investment properties under construction may be significantly affected. As at December 31, 2020, investment properties under construction revalued using the residual method amounted to approximately RMB43,299,573,000 (2019: RMB51,560,021,000).

Estimate of net realisable value of properties under development for sale and properties held for sale

As at December 31, 2020, properties under development for sale of approximately RMB5,419,849,000 (2019: RMB6,242,285,000) and properties held for sale of approximately RMB485,040,000 (2019: RMB435,805,000) are stated at lower of cost and net realisable value. Cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is determined by estimating the selling price less the cost necessary to make the sale and costs of completion (if any), which are estimated based on best available information. Where there are any decrease in the estimated selling price arising from any change to the market conditions in the PRC, there may be change in provision for impairment recognised on the properties under development for sale and properties held for sale.

Land appreciation taxes

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land costs, borrowing costs and all property development expenditure.

The Group is subject to LAT in the PRC which has been included in income tax expense of the Group. Significant judgment is required in determining the amount of land appreciation and the related taxes. The Group recognises these liabilities based on the management's best estimates. Where the final outcome of this matter is different from the amounts that were initially recorded, such differences will impact the income tax expense in the period in which such determination is made. As at December 31, 2020, the Group has LAT payable of approximately RMB65,500,000 (2019: RMB577,765,000) included in tax payable.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY — Continued

Key sources of estimation uncertainty — Continued

Provision for legal disputes and contingent liabilities under construction contracts

As at December 31, 2020, the Group is subjected to several legal claims mainly in relation to disputes under construction contracts in respect of its various property development projects which arose during the normal course of business. Determining whether provision for construction costs in dispute is necessary requires an estimation of probability that an outflow of resources embodying economic benefits is required to settle the obligation and an estimation of the amount of the obligation which can be measured reliably at the end of the reporting period. Based on advice from the Group's independent legal advisors or internal legal counsel, those outstanding legal claims that are still in preliminary stage and the final outcome of which it is not possible to determine at this stage amounted to approximately RMB68 million (2019: RMB94 million) in aggregate. In the opinion of the directors of the Company, the Group has possible obligation in relation to these legal disputes; however, a sufficiently reliable estimate of the amount of the obligation cannot be made at the end of the reporting period. Disclosure of such contingent liabilities has been made in note 34.

5. SEGMENT INFORMATION

(a) The Company's Chief Executive Officer is the chief operating decision maker ("CODM"). The Group is principally operating in two operating locations and engaged in three principal business activities. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the operating locations of each principal business activity. The principal locations are Shanghai and Chongqing in the PRC. The Group's operating segments under HKFRS 8 are therefore as follows:

Property development	—	Shanghai
(developing and selling of properties)	—	Chongqing
Property investment	—	Shanghai
(leasing of investment properties)	—	Chongqing
Others		

No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Information regarding the above segments is presented below.

5. SEGMENT INFORMATION — Continued

(a) — Continued

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended December 31, 2020

	Property development		Property investment			
	Shanghai RMB'000	**Chongqing RMB'000**	**Shanghai RMB'000**	**Chongqing RMB'000**	**Others RMB'000**	**Total RMB'000**
Revenue						
External revenue	**118,658**	**273,488**	**660**	**2,541**	**8,650**	**403,997**
Segment profit/(loss)	**54,573**	**(734,494)**	**(14,578,023)**	**(2,760,848)**	**(3,603)**	**(18,022,395)**
Other income, gains and losses, net						**1,407**
Net exchange gain						**116,610**
Finance costs						**(393,187)**
Unallocated Items						**(827,040)**
Loss before tax						**(19,124,605)**

For the year ended December 31, 2019

	Property development		Property investment			
	Shanghai RMB'000	Chongqing RMB'000	Shanghai RMB'000	Chongqing RMB'000	Others RMB'000	Total RMB'000
Revenue						
External revenue	137,783	439,269	1,881	2,278	8,089	589,300
Segment profit/(loss)	100,159	115,971	87,620	173,749	(3,390)	474,109
Other income, gains and losses, net						(24,927)
Net exchange loss						(42,197)
Finance cost						(1,068)
Unallocated Items						(732,516)
Loss before tax						(326,599)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/(loss incurred from) each segment including the changes in fair value of investment properties and loss on disposal of investment properties and properties under development for sale, without allocation of other income, gains and losses, net, net exchange gain/(loss), finance costs, selling expenses and administrative expenses including directors' emoluments. This is the measure reported to the Company's CODM for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION — Continued

(a) — Continued

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment which also the information is presented to the Company's CODM:

	2020 **RMB'000**	2019 RMB'000
Segment assets:		
Property development		
— Shanghai	**1,284,071**	1,326,699
— Chongqing	**4,620,818**	5,351,391
Property investment		
— Shanghai	**27,909,509**	42,477,981
— Chongqing	**8,855,467**	11,664,975
Others	**538,440**	483,520
Segment total	**43,208,305**	61,304,566
Unallocated assets	**181,250**	300,454
Consolidated assets	**43,389,555**	61,605,020
Segment liabilities:		
Property development		
— Shanghai	**464,772**	911,152
— Chongqing	**3,791,007**	1,989,645
Property investment		
— Shanghai	**1,076,319**	3,352,486
— Chongqing	**2,510,389**	1,486,403
Others	**180,677**	267,343
Segment total	**8,023,164**	8,007,029
Unallocated liabilities	**12,576,077**	16,331,411
Consolidated liabilities	**20,599,241**	24,338,440

5. SEGMENT INFORMATION — Continued

(a) — Continued

Segment assets and liabilities — Continued

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reporting segments other than certain property, plant and equipment, other receivables, deposits and prepayments, pledged/restricted bank deposits, and bank balances and cash, which are commonly used among segments or used for corporate operation.

- all liabilities are allocated to operating and reporting segments other than certain other payables and accruals, amount due to a shareholder, lease liabilities, tax payable and deferred tax liabilities, which are corporate liabilities that are not allocated to any segment. Borrowings and fixed-rate senior notes are allocated to segments on a consistent basis with certain finance costs capitalised.

Other segment information

For the year ended December 31, 2020

	Property development		Property investment			Segment		
	Shanghai	Chongqing	Shanghai	Chongqing	Others	Total	Adjustments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(Note (a))	
Amounts included in the measure of segment profit or loss or segment assets:								
Changes in fair value of investment properties	—	—	14,578,683	2,486,853	—	17,065,536	—	17,065,536
Additions to non-current assets (Note b)	—	—	137,725	34,830	—	172,555	7,977	180,532
Depreciation of property, plant and equipment	—	—	—	—	3,129	3,129	6,112	9,241
Loss on disposal of investment properties and properties under development for sale	—	366,646	—	276,536	—	643,182	—	643,182

5. SEGMENT INFORMATION — Continued

(a) — Continued

Other segment information — Continued

For the year ended December 31, 2019

	Property development		Property investment			Segment		
	Shanghai	Chongqing	Shanghai	Chongqing	Others	Total	Adjustments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note (a))	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Changes in fair value of investment properties	—	—	(85,738)	(171,472)	—	(257,210)	—	(257,210)
Additions to non-current assets (Note b)	—	—	440,580	111,784	66	552,430	187	552,617
Depreciation of property, plant and equipment	—	—	—	—	3,114	3,114	6,426	9,540
Loss on disposal of investment properties	—	—	25,246	—	—	25,246	—	25,246

Notes:

(a) All amounts included in the measure of segment profit or loss or segment assets are allocated to operating segments other than certain additions to non-current assets, depreciation of property, plant and equipment which are related to unallocated assets commonly used between segments or used for corporate operation.

(b) Non-current assets include investment properties and property, plant and equipment.

Geographical information

All revenue of the Group are derived from operations in the PRC.

Non-current assets of the Group are mainly located in the PRC (group entities' country of domicile).

5. SEGMENT INFORMATION — Continued

(a) — Continued

Information about major customer

For the years ended December 31, 2020 and 2019, no revenue from a customer of the corresponding year contributed over 10% of the total revenue of the Group.

(b) In the following table, revenue under HKFRS 15 is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Disaggregation of revenue

For the year ended December 31

	Sales of properties				Property			
	Shanghai		Chongqing		management income		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Timing of revenue recognition								
At a point in time	**118,658**	137,783	**273,488**	439,269	**—**	—	**392,146**	577,052
Transferred over time	**—**	—	**—**	—	**8,650**	8,089	**8,650**	8,089
	118,658	137,783	**273,488**	439,269	**8,650**	8,089	**400,796**	585,141

6. REVENUE AND OTHER INCOME, GAINS AND LOSSES, NET

	2020	2019
	RMB'000	RMB'000
Revenue		
Sales of properties	**392,146**	577,052
Property rental income	**3,201**	4,159
Property management income	**8,650**	8,089
	403,997	589,300
Other income, gains and losses, net		
Loss on disposal of investment properties and properties under development for sale	**(643,182)**	(25,246)
Interest on bank deposits	**45**	61
Gain from disposal of property, plant and equipment	**815**	—
Others	**547**	258
	(641,775)	(24,927)
Total revenue and other income, gains and losses, net	**(237,778)**	564,373

7. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on other borrowings	**500,033**	518,097
Interest on bank borrowings	**—**	780
Effective interest expense on 15.0% fixed-rate senior notes	**248,978**	242,728
Interest on lease liabilities	**1,372**	1,068
Total finance costs (Note 25(a))	**750,383**	762,673
Less: Amount capitalised in construction in progress included in property, plant and equipment, investment properties under construction and properties under development for sale	**(357,196)**	(761,605)
	393,187	1,068

Borrowing costs capitalised during the year arising on specific borrowings amounted to approximately RMB33,660,000 (2019: RMB112,266,000). Borrowing costs capitalised during the year arising on the general borrowing pool amounted to approximately RMB323,536,000 (2019: RMB649,339,000) and was calculated by applying a capitalisation rate of 10.01% per annum (2019: 15.96%) per annum to expenditure on qualifying assets.

8. INCOME TAX CREDIT

	2020 RMB'000	2019 RMB'000
Current tax:		
Enterprise Income Tax ("EIT")		
— Provision for the year	**(1,984)**	(25,025)
— Over-provision in prior years	**33,216**	—
	31,232	(25,025)
Land Appreciation Tax ("LAT")		
— Provision for the year	**(6,730)**	(20,588)
— Over-provision in prior years	**510,983**	—
	504,253	(20,588)
	535,485	(45,613)
Deferred tax credit (Note 23):		
Current year	**4,112,854**	89,227
	4,648,339	43,614

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entities is 25% for both years.

8. INCOME TAX CREDIT — Continued

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on January 27, 1995, all gains arising from transfer of real estate property in the PRC effective from January 1, 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land costs borrowings costs and all property development expenditures.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Income tax credit for the year can be reconciled from the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **RMB'000**	2019 RMB'000
Loss before tax	**(19,124,605)**	(326,599)
Tax at PRC enterprise income tax rate of 25%	**4,781,151**	81,650
Tax at PRC LAT rates ranging from 30% to 60%	**(6,730)**	(20,589)
Tax effect of expenses not deductible for tax purpose	**(469,102)**	(14,822)
Tax effect of income not taxable for tax purpose	**29,164**	—
Tax loss not recognised	**(238,158)**	(12,629)
Tax loss utilised	**7,815**	10,004
Over-provision in prior years	**544,199**	—
Income tax credit for the year	**4,648,339**	43,614

9. LOSS FOR THE YEAR

	2020 RMB'000	2019 RMB'000
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments (Note 10)	**1,096**	1,247
Other staff costs		
— salaries and other benefits	**33,237**	28,508
— contributions to retirement benefits schemes	**3,515**	5,123
Total staff costs	**37,848**	34,878
Less: Amount capitalised in investment properties under construction and properties under development for sale	**(9,209)**	(9,019)
	28,639	25,859
Auditors' remuneration	**2,808**	2,654
Depreciation of property, plant and equipment (Note 13)	**9,241**	9,540
Less: Amount capitalised in properties under development for sale	**(4,293)**	(4,530)
	4,948	5,010
Cost of properties sold (included in cost of sales)	**283,542**	360,923
(Gain)/loss on disposal of property, plant and equipment	**(815)**	63
Gross rental income from investment properties	**3,201**	4,159
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**—**	(12)
	3,201	4,147
Provision for settlement fee and other relevant cost incurred in respect of the litigations with certain lenders (Note 26)	**695,626**	614,120
Provision for impairment of properties under development for sale and properties held for sale (included in cost of sales) (Note 15 and 16)	**421,879**	—

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

	2020 RMB'000	2019 RMB'000
Fees	**856**	1,007
Salaries and allowances	**240**	240
	1,096	1,247

Directors' and chief executive's emoluments

The emoluments paid to the directors and chief executive were as follows:

For the year ended December 31, 2020

	Fee RMB'000	Salaries and allowances RMB'000	Retirement benefits scheme contribution RMB'000	Total RMB'000
Executive directors:				
Dr. Wang Shih Chang, George	—	—	—	—
Mr. Wong (Note (a))	—	—	—	—
Mr. Xu Li Chang	—	240	—	240
	—	240	—	240
Non-executive director:				
Mr. Kwan Kai Cheong	214	—	—	214
Independent non-executive directors:				
Mr. Warren Talbot Beckwith	214	—	—	214
Mr. Luk Koon Hoo	214	—	—	214
Dr. Garry Alides Willinge	214	—	—	214
	642	—	—	642
	856	240	—	1,096

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS — Continued

Directors' and chief executive's emoluments — Continued

For the year ended December 31, 2019

	Fee	Salaries and allowances	Retirement benefits scheme contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Dr. Wang Shih Chang, George	—	—	—	—
Mr. Wong (Note (a))	—	—	—	—
Mr. Xu Li Chang	—	240	—	240
	—	240	—	240
Non-executive director:				
Mr. Kwan Kai Cheong	212	—	—	212
Independent non-executive directors:				
Mr. Warren Talbot Beckwith	212	—	—	212
Mr. Cheng Chaun Kwan, Michael (Note (b))	159	—	—	159
Mr. Luk Koon Hoo	212	—	—	212
Dr. Garry Alides Willinge	212	—	—	212
	795	—	—	795
	1,007	240	—	1,247

Notes:

(a) Mr. Wong is also the chief executive of the Company and no emoluments for his services rendered as the chief executive was provided by the Group.

(b) The disclosed emoluments for Mr. Cheng Chaun Kwan, Michael represented the emoluments received or receivable before his retirement of directorship on September 30, 2019.

The executive director's emolument shown above was for his service in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' and non-executive director's emoluments shown above were for their services as directors of the Company.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS — Continued

Employees' emoluments

The emoluments for the five individuals with the highest emoluments in the Group did not include any director and chief executive of the Company for both years, details of whose emoluments are set out above.

The emoluments of the five highest paid individuals (2019: five) were as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries and allowances	**4,709**	4,231
Retirement benefits scheme contributions	**90**	112
	4,799	4,343

Their emoluments were within the following bands:

	2020 **Number of employees**	2019 Number of employees
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**3**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	5	5

	2020 **Number of employees**	2019 Number of employees
Nil to RMB1,000,000	**3**	4
RMB1,000,001 to RMB1,500,000	**2**	1
	5	5

During both years, no remuneration was paid by the Group to any of the directors and chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive waived any remuneration during both years.

11. DIVIDEND

No dividend was paid or declared during the year ended December 31, 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company for the year ended December 31, 2020 amounted to RMB14,476,266,000 (2019: loss attributable to owners of the Company RMB282,985,000) and the weighted average number of 1,809,077,000 ordinary shares (2019: 1,809,077,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The diluted loss per share is equal to basic loss per share as there were no dilutive potential ordinary shares in issue during both years ended December 31, 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	Right-of-use asset: Leasehold land	Right-of-use asset: Properties leased for own use	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At December 31, 2018	19,873	41	11,516	9,285	367,964	53,577	—	462,256
Initial application of HKFRS 16 Leases	—	—	—	—	—	124,465	6,409	130,874
At January 1, 2019 (Restated)	19,873	41	11,516	9,285	367,964	178,042	6,409	593,130
Additions	80	—	224	230	23,625	—	—	24,159
Disposals	—	—	—	(187)	—	—	—	(187)
Exchange adjustment	—	—	—	—	—	—	45	45
At December 31, 2019	19,953	41	11,740	9,328	391,589	178,042	6,454	617,147
Additions	—	—	406	—	20,730	—	7,977	29,113
Disposals	—	(33)	(628)	(606)	—	—	—	(1,267)
Exchange adjustment	—	—	—	—	—	—	(530)	(530)
At December 31, 2020	19,953	8	11,518	8,722	412,319	178,042	13,901	644,463
DEPRECIATION								
At December 31, 2018	12,457	41	9,844	8,710	—	21,429	—	52,481
Initial application of HKFRS 16 Leases	—	—	—	—	—	34,680	—	34,680
At January 1, 2019 (Restated)	12,457	41	9,844	8,710	—	56,109	—	87,161
Provided for the year (Note 9)	966	—	186	124	—	4,488	3,776	9,540
At December 31, 2019	13,423	41	10,030	8,834	—	60,597	3,776	96,701
Provided for the year (Note 9)	968	—	190	—	—	4,488	3,595	9,241
Disposals	—	(33)	(578)	(545)	—	—	—	(1,156)
At December 31, 2020	14,391	8	9,642	8,289	—	65,085	7,371	104,786
CARRYING VALUES								
At December 31, 2020	5,562	—	1,876	433	412,319	112,957	6,530	539,677
At December 31, 2019	6,530	—	1,710	494	391,589	117,445	2,678	520,446

13. PROPERTY, PLANT AND EQUIPMENT — Continued

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the lease terms
Buildings	Shorter of lease terms and 4.5%
Leasehold improvements	Shorter of the remaining term of the land lease on which the buildings are located and 4.5%
Office equipment, furniture and fixtures	18%–19%
Motor vehicles	18%–19%
Properties leased for own use	Over the lease term

Certain of the Group's leasehold land, buildings and construction in progress as at December 31, 2020 with a carrying value of approximately RMB32,204,000 (2019: RMB32,399,000), RMB5,562,000 (2019: RMB6,530,000) and RMB307,486,000 (2019: RMB335,397,000) respectively were pledged to secure certain borrowing facilities granted to the Group.

14. INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
FAIR VALUE		
Completed properties held for rental purpose:		
At the beginning of the year	**2,582,935**	2,692,875
Disposals	**—**	(64,758)
Net changes in fair value recognised in profit or loss	**(114,647)**	(45,182)
Transfer to properties held for sale	**(109,652)**	—
At the end of the year	**2,358,636**	2,582,935
Investment properties under construction:		
At the beginning of the year	**51,560,021**	50,729,171
Additions	**151,419**	528,458
Disposal	**(302,316)**	—
Net changes in fair value recognised in profit or loss	**(16,950,889)**	302,392
Transfer to properties under development	**(38,938)**	—
Transfer to properties held for sale	**(12,957)**	—
At the end of the year	**34,406,340**	51,560,021
Total	**36,764,976**	54,142,956
Unrealised (loss)/gain on properties revaluation included in profit or loss for the financial year	**(17,065,536)**	257,210

The investment properties are under Level 3 fair value measurements. At the end of each reporting period, the senior management works closely with an independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Discussion of valuation process and results are held between senior management and the directors of the Company at least twice a year.

The fair values of the Group's investment properties at December 31, 2020 and 2019 were determined with the assistance of Vincorn Consulting and Appraisal Limited ("Vincorn") in respect of the properties situated in Shanghai and Chongqing, the PRC. Vincorn is an independent qualified professional valuer not connected with the Group, a member of the Institute of Valuers and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

14. INVESTMENT PROPERTIES — Continued

The fair values of investment properties in Shanghai and Chongqing as at December 31, 2020 determined with the assistance of independent professional valuer were approximately RMB36,802,743,000 (2019: RMB42,477,981,000) and RMB8,855,466,000 (2019: RMB11,664,975,000) respectively. For completed investment properties, the valuations have been arrived at using the capitalisation of net income method based on the present value of the income to be derived from the properties. For the completed properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. For investment properties under construction, the valuations have been arrived at using the residual approach by making reference to recent sales transactions of completed properties or rental information in the relevant market as publicly available to determine the potential rental income of the completed investment properties, less estimated costs to completion and expected developer profit margin so as to determine the value of the proposed development as if these were completed as at the date of valuation. The rental income included in the residual method was principally based on income approach by taking into account the current rents passing and the reversionary income potential of tenancies.

The Group owns a piece of land situated in Chongqing under the project name "Chongqing International Commerce Centre ("CQ ICC"). This project covers a total expected construction area of 1,400,000 square meters and comprises a mix of residential, office and retail space. The Group intends to sell the residential portion once developed, while the office and retail portion will be kept for long term rent/capital appreciation. During the year ended December 31, 2020, the Chongqing Municipal Bureau of Planning and Natural Resources ("CQ Bureau") passed a resolution in March 2020 whereby the planned construction area for CQ ICC project was reduced from 1,400,000 square meters to not more than 760,000 square meters. This was in line with the Chongqing Municipality "Two Rivers and Four Riversides governance improvement plan" which sought to limit the height at which developers could build in order to preserve the scenic beauty of the city. The Group does not agree with this resolution and is entitled to claim compensation for this change. In the opinion of the directors, the Group will seek to claim compensation from the CQ Bureau either in the form of cash or additional land use right equal to the difference in value arising from this change. For the current year, the Group has adjusted the fair value of the investment property portion of CQ ICC project based on the reduced construction area, which resulted in a reduction in fair value of approximately RMB759,820,000, which is included in the total unrealized fair value loss for the year of RMB17,065,536,000.

The Directors have made an adjustment to the fair value determined by the Group's independent professional valuer in respect of Lot #4 Land, a parcel of land which forms part of Phase 2, Shanghai Concord City in the amount of RMB8,893,233,000 for the current year ended December 31, 2020. Further details of this adjustment made by the directors are set out in note 4.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES — Continued

There was no transfer between different levels of the fair value hierarchy for the years ended December 31, 2020 and 2019. Details of the Group's investment properties and information about the valuations under Level 3 of the fair value hierarchy as at December 31, 2020 and 2019 are as follows:

	2020 **RMB'000**	2019 RMB'000
Investment Properties		
Retail	**33,473,283**	49,454,859
Office	**3,291,693**	4,688,097
Total	**36,764,976**	54,142,956

Information about fair value measurements using significant unobservable inputs

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(1) Completed properties — fair values determined by Vincorn					
Shanghai Cannes and Phase 1 of Shanghai Concord City					
Retail	**2,358,636**	Income capitalisation approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	6% (for Shanghai Cannes) 3% (for Phase 1 of Shanghai Concord City)	The higher the gross capitalization rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB393 per square meter per month (for Shanghai Cannes) RMB1,614 per square meter per month (for Phase 1 of Shanghai Concord City)	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	50%–80% (for Shanghai Cannes) 40%–80% (for Phase 1 of Shanghai Concord City)	The higher the expected occupancy rate, the higher the fair value.
			(iv) Discount rate	9% (for Shanghai Cannes) 8% (for Phase 1 of Shanghai Concord City)	The higher the discount rate, the lower the fair value.
			(v) Rental growth rate	5% (for Shanghai Cannes) 6% (for Phase 1 of Shanghai Concord City)	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn					
Shanghai Commercial Street at Minhang District ("Minhang"), Huashan Building ("Huashan") and Phase 2 of Shanghai Concord City ("Phase 2 of SH Concord City")					
Retail	**32,451,863***	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	6% (for Minhang) 3–4% (for Huashan and Phase 2 of SH Concord City)	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB620 per square meter per month (for Minhang) RMB1,954 per square meter per month (for Huashan and Phase 2 of SH Concord City)	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	50%–98%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	10%–20%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB10,816 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	8%–9%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%–6%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	5%–6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Shanghai Phase 2 of Shanghai Concord City					
Office	**1,992,244***	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	4%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB414 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	85%–95%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	20%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB7,900 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	9%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	6%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Manhattan City					
Retail	**1,699,431**	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	8%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB233 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	65%–85%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	25%–30%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB6,370 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value
			(viii) Rental growth rate	5%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Concord City					
Retail	**2,629,013**	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	7%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB860 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	65%–85%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB9,854 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Concord City — Continued					
Office	**1,451,012**	Residual approach	(i) Selling price, taking into account the differences in building age and frontage between the comparables and the property	RMB30,885 per square meter	The higher the selling price, the higher the fair value.
			(ii) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(iii) Construction cost	RMB8,900 per square meter	The higher the cost, the lower the fair value.
			(iv) Discount rate	5%	The higher the discount rate, the lower the fair value.
			(v) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing International Commerce Centre					
Retail	**2,430,676**	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	7%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB495 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	60%–85%	The higher the expected occupancy rates, the higher the fair value.
			(iv) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(v) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vi) Construction cost	RMB10,580 per square meter	The higher cost, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing International Commerce Centre — Continued					
Office	**645,334**	Residual approach	(i) Selling price, taking into account the differences in building age and frontage between the comparables and the property	RMB23,255 per square meter	The higher the selling price, the higher the fair value.
			(ii) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(iii) Construction cost	RMB8,900 per square meter	The higher the cost, the lower the fair value.
			(iv) Discount rate	5%	The higher the discount rate, the lower the fair value.
			(v) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value.
	45,658,209				

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(1) Completed properties — fair values determined by Vincorn					
Shanghai Cannes and Phase 1 of Shanghai Concord City					
Retail	2,582,935	Income capitalisation approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	6% (for Shanghai Cannes) 3% (for Phase 1 of Shanghai Concord City)	The higher the gross capitalization rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB393 per square meter per month (for Shanghai Cannes) RMB1,616 per square meter per month (for Phase 1 of Shanghai Concord City)	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	50%–80% (for Shanghai Cannes) 40%–80% (for Phase 1 of Shanghai Concord City)	The higher the expected occupancy rate, the higher the fair value.
			(iv) Discount rate	9% (for Shanghai Cannes) 8% (for Phase 1 of Shanghai Concord City)	The higher the discount rate, the lower the fair value.
			(v) Rental growth rate	5% (for Shanghai Cannes) 6% (for Phase 1 of Shanghai Concord City)	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn					
Shanghai Commercial Street at Minhang District ("Minhang"), Huashan Building ("Huashan") and Phase 2 of Shanghai Concord City ("Phase 2 of SH Concord City")					
Retail	37,816,696	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	6% (for Minhang) 3–4% (for Huashan and Phase 2 of SH Concord City)	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB620 per square meter per month (for Minhang) RMB1,954 per square meter per month (for Huashan and Phase 2 of SH Concord City)	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	80%–98%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	10%–20%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB10,816 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	8%–9%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%–6%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	5%–6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Shanghai Phase 2 of Shanghai Concord City					
Office	2,078,350	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	4%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB414 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	85%–95%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	20%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB8,000 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	9%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	6%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Manhattan City					
Retail	1,689,672	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	8%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB233 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	65%–85%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	25%–30%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB5,892 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value
			(viii) Rental growth rate	5%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Concord City					
Retail	3,233,585	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	7%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB860 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	65%–85%	The higher the expected occupancy rate, the higher the fair value.
			(iv) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(v) Construction cost	RMB9,954 per square meter	The higher the cost, the lower the fair value.
			(vi) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing Concord City — Continued					
Office	1,760,783	Residual approach	(i) Selling price, taking into account the differences in building age and frontage between the comparables and the property	RMB30,888 per square meter	The higher the selling price, the higher the fair value.
			(ii) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(iii) Construction cost	RMB9,000 per square meter	The higher the cost, the lower the fair value.
			(iv) Discount rate	5%	The higher the discount rate, the lower the fair value.
			(v) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing International Commerce Centre					
Retail	4,131,971	Residual approach	(i) Gross capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions	7%	The higher the gross capitalisation rate, the lower the fair value.
			(ii) Market rent, taking into account the differences in location, and individual factors, such as frontage and building age, between the comparables and the property	RMB495 per square meter per month	The higher the market rent, the higher the fair value.
			(iii) Expected occupancy rate	60%–85%	The higher the expected occupancy rates, the higher the fair value.
			(iv) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(v) Discount rate	10%	The higher the discount rate, the lower the fair value.
			(vi) Construction cost	RMB10,777 per square meter	The higher cost, the lower the fair value.
			(vii) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value.
			(viii) Rental growth rate	6%	The higher the rental growth rate, the higher the fair value.

14. INVESTMENT PROPERTIES — Continued

Information about fair value measurements using significant unobservable inputs — Continued

Description	Fair value as at December 31, 2019 RMB'000	Valuation techniques	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
(2) Investment properties under construction — fair values determined by Vincorn — Continued					
Chongqing International Commerce Centre — Continued					
Office	848,964	Residual approach	(i) Selling price, taking into account the differences in building age and frontage between the comparables and the property	RMB23,255 per square meter	The higher the selling price, the higher the fair value.
			(ii) Expected developer profit	30%	The higher the expected developer profit, the lower the fair value.
			(iii) Construction cost	RMB9,000 per square meter	The higher the cost, the lower the fair value.
			(iv) Discount rate	5%	The higher the discount rate, the lower the fair value.
			(v) Rate of finance cost	5%	The higher the rate of finance cost, the lower the fair value.
	54,142,956				

* Before adjustments are made by the Directors set out in note 4.

As at December 31, 2020, majority of the Group's investment properties with a carrying value of approximately RMB35,208,919,000 (2019: RMB51,110,280,000) were pledged to secure certain borrowings and facilities granted to the Group.

All the Group's properties interests held under operating leases to earn rental income or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Various retail properties are leased to tenants under operating leases with rentals payable monthly. There are no significant variable lease payments that depend on an index or rate.

For minimum lease receivable on leases of investment properties, please refer to note 30.

15. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2020 RMB'000	2019 RMB'000
Cost		
At the beginning of the year	**6,242,285**	6,000,219
Additions	**167,372**	635,951
Disposal	**(400,826)**	—
Impairment	**(387,893)**	—
Transfer from investment properties	**38,938**	—
Transfer to properties held for sale	**(240,027)**	(393,885)
At the end of the year	**5,419,849**	6,242,285
Properties under development for sale of which:		
— expected to be completed within twelve months	**1,810,046**	3,380,748
— expected to be completed after twelve months after the end of the reporting period	**3,609,803**	2,861,537
	5,419,849	6,242,285

As at December 31, 2020, certain of the Group's properties under development for sale with a carrying value of approximately RMB2,498,642,000 (2019: RMB2,878,373,000) were pledged to secure certain borrowing facilities granted to the Group.

16. PROPERTIES HELD FOR SALE

	2020 RMB'000	2019 RMB'000
Properties held for sale	**519,026**	435,805
Less: provision for impairment	**(33,986)**	—
Properties held for sale, net	**485,040**	435,805

As at December 31, 2020, certain of the Group's properties held for sale with a carrying value of approximately RMB158,129,000 (2019: RMB179,211,000) were pledged to secure certain borrowing facilities granted to the Group.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Considerations in respect of completed properties sold are received from customers in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the agreement date.

Considerations in respect of properties sold under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

The Group recognised impairment loss based on the accounting policy stated in note 3 for financial instruments. Further details on the Group's credit policy and credit risk arising from other receivables, deposits and prepayments are set out in note 29.

	2020	2019
	RMB'000	RMB'000
Prepayment of business taxes and other PRC taxes	**42,970**	39,523
Other receivables	**21,048**	36,296
Deposits	**21,287**	27,741
Prepayments	**67,068**	108,744
	152,373	212,304

18. PLEDGED/RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

At December 31, 2020, bank deposits of approximately RMB24,400,000 (2019: RMB24,400,000) were pledged as securities against certain short term borrowings which are overdue. These pledged bank deposits have accordingly been classified under current assets.

The pledged bank deposits carry effective interest rates which is at 1.50% (2019: 1.50%) per annum. The pledged bank deposits will be released upon the settlement of the relevant borrowings. Bank balances carry interest at market rates which range from 0.01% to 0.39% (2019: 0.01% to 0.45%) per annum.

At December 31, 2020, bank deposits of approximately RMB719,000 (2019: RMB8,142,000) were restricted for the use of setting certain potential claims.

At December 31, 2020, pledged/restricted bank deposits and bank balances and cash with banks in the PRC amounted to approximately RMB27,640,000 (2019: RMB51,224,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

19. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Contract liabilities		
— expected to be realised within twelve months	**381,820**	725,309

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sales of properties

100% of payments are usually received in advance and recognised as contract liabilities.

Movements in contract liabilities is as follows:

	2020 RMB'000	2019 RMB'000
Balance as at January 1	**725,309**	865,363
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(350,090)**	(502,937)
Increase in contract liabilities as a result of funds received in advance from sales of properties	**6,601**	362,883
Balance as at December 31	**381,820**	725,309

The contract liabilities mainly relate to the deposits received from customers for sales of properties. RMB350,090,000 (2019: RMB502,937,000) of the contract liabilities as of December 31, 2019 has been recognised as revenue for the year ended December 31, 2020 from acceptance of properties by customers.

As at December 31, 2020, contract liabilities or the aggregated amount of the deposits received from the remaining performance obligations under the Group's existing contracts was RMB381,820,000 (2019: RMB725,309,000). This amount represents revenue expected to be recognised in the future from acceptance of properties by customers.

The directors expected the Group would satisfy the remaining performance obligations under the contracts within one year as at December 31, 2019. However, the original expected timing of satisfying the remaining performance obligations were unexpectedly delayed due to city-wide lockdown and other social distancing measures implemented by the local government in Shanghai and Chongqing to control the outbreak of COVID-19 in PRC during the year ended December 31, 2020. As at December 31, 2020, the directors consider the Group will recognise expected revenue in future, which is expected to occur in the next 12 months from the end of the reporting period.

The Group has applied the practical expedient to its contracts with customers and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

20. AMOUNT DUE TO A SHAREHOLDER

Amount due to a shareholder, Mr. Wong, is non-trade in nature, unsecured, interest-free and repayable on demand while request for payment will only be made when the Company has excess cash to repay.

21. BORROWINGS

	Notes	**2020 RMB'000**	2019 RMB'000
PinganDahua Group	34(1)	**2,808,787**	2,541,947
Lujiazui	34(2)	**1,327,896**	1,243,421
JIC Trust	34(3)	**1,423,887**	1,309,887
Other borrowings		**282,836**	211,449
Total borrowings, secured		**5,843,406**	5,306,704

The Group's borrowings are all denominated in RMB for the year ended December 31, 2020 and 2019.

	2020 RMB'000	2019 RMB'000
Carrying amount of the fixed-rate other borrowings repayable based on contractual term#:		
On demand or within one year	**5,843,406**	5,306,704
More than one year, but not exceeding two years	**—**	—
More than two years, but not exceeding five years	**—**	—
Amount due within one year or on demand shown under current liabilities	**5,843,406**	5,306,704

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The borrowings are secured and have fixed interest rates ranging from 7.20% to 36.00% (2019: 6.10% to 36.00%) per annum. The weighted average rate is 10.26% (2019: 10.45%) per annum.

As at December 31, 2020, the significant secured fixed rate borrowings from PinganDahua Group, Lujiazui and JIC Trust are denominated in RMB, carrying interests at fixed rates ranging from 7.20% to 13.90% (2019: 7.20% to 13.90%) per annum. At December 31, 2020 and 2019, borrowings of RMB5,560,570,000 and RMB5,095,255,000 respectively were past due and for which the lenders have demanded repayment. Further details as set out in note 34. Movement in borrowings for the year is set out in note 25(a).

22. 15.0% FIXED-RATE SENIOR NOTES

On October 11, 2018, the Group issued approximately US$226 million (equivalent to RMB1,550,559,000) principal amount of the 15% US$ Senior Notes which contain two components, liability and early redemption options.

The notes bear interest at a fixed-rate of 15.00% per annum. The interest charged for the year is calculated by applying an effective interest rate of approximately 15.21% per annum. Interest on the notes is payable on April 15 and October 15 of each year. The notes will mature on October 15, 2021. The notes are guaranteed by certain of the Company's subsidiaries and Mr. Wong Sai Chung, the managing director of the Company.

At any time and from time to time on or after April 15, 2020, the Group may redeem the 15% US$ Senior Notes, in whole or in part, at a redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 15% US$ Senior Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the 6-month period commencing on the periods indicated below:

6-month period commencing on	Percentage
April 15, 2020	107.500%
October 15, 2020	103.750%
April 15, 2021	101.875%

At any time prior to April 15, 2020, the Group may at its option redeem the 15% US$ Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 15% US$ Senior Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Up to December 31, 2020 and date of issuance of these consolidated financial statements, the Group did not redeem any 15% US$ Senior Notes.

The Group shall, at the option of any holder of the 15% US$ Senior Notes, repurchase all of the 15% US$ Senior Notes held by such holder of the 15% US$ Senior Notes at any time on or after April 15, 2020 at 100% of the principal amount of such 15% US$ Senior Notes plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

During the year ended December 31, 2020, certain holders of the notes exercised their option and the Group repurchased RMB2,780,000 of 15% US$ Senior Notes with principal amount of US$400,000 accordingly. Movement of 15% US$ Senior Notes for the year is set out in note 25(a).

The directors of the Company consider that the fair values of the redemption options at December 31, 2020 and 2019 are insignificant.

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value adjustment of investment properties	Provision	Other temporary differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019	(10,922,110)	—	(59,128)	(10,981,238)
Credited to profit or loss (note 8)	(64,303)	153,530	—	89,227
At December 31, 2019	(10,986,413)	153,530	(59,128)	(10,892,011)
Credited to profit or loss (note 8)	4,266,384	(153,530)	—	4,112,854
At December 31, 2020	(6,720,029)	—	(59,128)	(6,779,157)

Other temporary differences mainly represent the temporary differences arising from the construction costs capitalised in investment properties under construction, properties under development for sale and properties held for sale which were deductible for tax purpose in the year those costs incurred.

23. DEFERRED TAX LIABILITIES — Continued

At the end of the reporting period, the Group had unused tax losses of RMB485,214,000 (2019: RMB401,373,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. All tax losses arising from the subsidiaries established in PRC will expire if they are not utilised to set off against the taxable profits within five years from the year in which they arose under the current tax legislation in PRC.

The Group had no other significant unprovided deferred tax during the years ended December 31, 2020 and 2019.

Under the New EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB735,400,000 (2019: RMB789,508,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

24. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At January 1, 2019, December 31, 2019 and December 31, 2020	5,000,000,000	500,000
Issued and fully paid:		
At January 1, 2019, December 31, 2019 and December 31, 2020	1,809,077,000	180,907
Presented in consolidated financial statements as:		
At January 1, 2019, December 31, 2019, January 1, 2020 and December 31, 2020		RMB170,073,000

None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the year.

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	15.0% fixed-rate senior notes	**Amount due to a shareholder**	**Borrowings**	**Lease Liabilities**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2020	1,606,390	3,897,576	5,306,704	2,828	10,813,498
New borrowings raised	—	—	176,740	—	176,740
Repayment of borrowings	—	—	(101,800)	—	(101,800)
Advance from a shareholder	—	269,703	—	—	269,703
Addition of lease liabilities	—	—	—	7,977	7,977
Repayment of principal portion of lease liabilities	—	—	—	(3,167)	(3,167)
Repayment upon exercise of put option of senior note holder (Note 22)	(2,780)	—	—	—	(2,780)
Interest paid	(236,959)	—	(38,271)	(1,372)	(276,602)
Financing costs recognised (Note 7)	248,978	—	500,033	1,372	750,383
Effect of foreign currency exchange difference recognised to profit or loss	(97,189)	(15,206)	—	(561)	(112,956)
At December 31, 2020	1,518,440	4,152,073	5,843,406	7,077	11,520,996

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — Continued

(a) Reconciliation of liabilities arising from financing activities — Continued

	15.0% fixed-rate senior notes	Amount due to a shareholder	Borrowings	Lease Liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2018	1,576,322	3,498,137	4,906,423	—	9,980,882
Recognition of lease liabilities upon adoption HKFRS 16 on January 1, 2019	—	—	—	6,409	6,409
At January 1, 2019 (Restated)	1,576,322	3,498,137	4,906,423	6,409	9,987,291
New borrowings raised	—	—	233,525	—	233,525
Repayment of borrowings	—	—	(277,171)	—	(277,171)
Advance from a shareholder	—	399,439	—	—	399,439
Repayment of principal portion of lease liabilities	—	—	—	(3,627)	(3,627)
Interest paid	(236,815)	—	(74,950)	(1,068)	(312,833)
Financing costs recognised (Note 7)	242,728	—	518,877	1,068	762,673
Effect of foreign currency exchange difference recognised to profit or loss	24,155	—	—	46	24,201
At December 31, 2019	1,606,390	3,897,576	5,306,704	2,828	10,813,498

Note: The financing cash flows represented the new borrowings raised, advance from a shareholder, payment of lease liabilities, payment of finance costs and repayments to borrowings.

(b) Major non-cash transaction

There was no major non-cash transaction during the year ended December 31, 2020 and 2019.

26. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Other payables and accruals	**220,698**	250,613
Provision for settlement fee and other relevant cost (note)	**1,268,085**	614,120
	1,488,783	864,733

Note: In respect of the result of the litigations with certain lenders (see note 34 for details), the parties have arrived at a consensus in principle to the payment of the legal fees and penalties and the Group has provided settlement fee and other relevant cost in the aggregate amount of RMB695,626,000 (2019: RMB614,120,000) (note 9) for the year ended December 31, 2020.

27. FINANCIAL GUARANTEE CONTRACTS

	2020 RMB'000	2019 RMB'000
Guarantees given to banks in connection with credit facilities granted to the purchasers of the Group's properties	**108,395**	421,282

The guarantees were given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loans. In the opinion of the directors of the Company, the fair value of the financial guarantee contracts is not significant. Deposits received on sales of properties prior to the date of revenue recognition are classified as contract liabilities in the consolidated statement of financial position.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the amount due to a shareholder, borrowings, 15.0% fixed-rate senior notes and lease liabilities disclosed in notes 20, 21, 22 and 30 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings. The directors of the Company monitor current and expected liquidity requirement as well as the summary compliance report on loan covenants regularly. The Group has been in negotiations with several financial institutions to obtain new borrowing for settlement of overdue borrowings, as mentioned in note 1.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure after taking into consideration of conditions in note 1.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets measured at amortised cost		
Other receivables and deposits	**42,335**	64,037
Pledged/restricted bank deposits	**25,119**	32,542
Bank balances and cash	**2,521**	18,682
	69,975	115,261
Financial liabilities measured at amortised cost		
Construction costs accruals	**222,578**	293,485
Other payables and accruals	**1,345,341**	754,053
Amount due to a shareholder	**4,152,073**	3,897,576
Borrowings	**5,843,406**	5,306,704
15.0% fixed-rate senior notes	**1,518,440**	1,606,390
	13,081,838	11,858,208
Lease liabilities	**7,077**	2,828
	13,088,915	11,861,036

Financial risk management objectives and policies

The Group's financial instruments include other receivables and deposits, pledged/restricted bank deposits, bank balances and cash, construction costs accruals, other payables and accruals, amount due to a shareholder, borrowings, 15.0% fixed-rate senior notes and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

29. FINANCIAL INSTRUMENTS — Continued

Market risk

Foreign currency risk

The Group's transactions are mainly denominated in RMB (which is the functional currency of respective group entities), except for certain pledged bank deposits, bank balances, borrowings and fixed-rate senior notes which are denominated in HK$ and US$ as disclosed below. The Group has not used any forward contract to hedge its exposure to currency risk. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. A significant depreciation/appreciation in the RMB against US$ and HK$ may have a material impact on the Group's results.

As at the end of the reporting period, certain financial assets and financial liabilities of the Group were denominated in HK$ and US$ which are currencies other than the functional currency of the relevant group entities. The carrying amounts of those foreign currency monetary items are set out below:

	HK$		**US$**	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank balances and cash	**144**	5,807	**39**	42
Amount due to a shareholder	**259,612**	—	**—**	—
15.0% fixed-rate senior notes	**—**	—	**1,518,440**	1,606,390

Sensitivity analysis

The Group is mainly exposed to the currency of HK$ and US$ and the sensitivity analysis includes only outstanding foreign currency denominated monetary items and their translation at the year end for a 5% (2019: 5%) change in foreign currency rates. 5% (2019: 5%) is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates.

A positive number below indicates a decrease in post-tax loss for the year where RMB strengthens 5% against US$ and HK$ for the current year. For a 5% weakening of RMB against US$ and HK$, there would be an equal but opposite impact on the post-tax loss for the year.

	HK$ impact		**US$ impact**	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit/(loss) for the year	**9,730**	(218)	**56,940**	60,238

29. FINANCIAL INSTRUMENTS — Continued

Market risk — Continued

Interest rate risk

As at December 31, 2020 and 2019, the Group is not exposed to significant cash flow interest rate risk.

As at December 31, 2020 and 2019, the Group's fair value interest rate risk relates primarily to its fixed-rate bank deposits, fixed-rate other borrowings (see note 21 for details), 15.0% fixed-rate senior notes (see note 22 for details) and lease liabilities. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. In addition, the management monitors the interest rate movement for long term borrowings and will consider to exercise the redemption option of the fixed-rate senior notes if necessary.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with loan covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The management closely monitors the utilisation of other borrowings and compliance with loan covenants.

Having considered the factors and circumstances set out in note 1 to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve months from the end of the reporting period.

29. FINANCIAL INSTRUMENTS — Continued

Liquidity risk — Continued

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity table

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2020							
Construction costs accruals	N/A	222,578	—	—	—	222,578	222,578
Other payables and accruals	N/A	1,345,341	—	—	—	1,345,341	1,345,341
Amount due to a shareholder	N/A	4,152,073	—	—	—	4,152,073	4,152,073
Borrowings — fixed-rate	10.26%	5,847,474	—	—	—	5,847,474	5,843,406
15.0% fixed-rate senior notes	15%	1,545,034	—	—	—	1,545,034	1,518,440
Lease liabilities	11.74%	3,625	4,967	—	—	8,592	7,077
Financial guarantee contracts	N/A	108,395	—	—	—	108,395	—
		13,224,520	4,967	—	—	13,229,487	13,088,915

29. FINANCIAL INSTRUMENTS — Continued

Liquidity risk — Continued

Liquidity table — Continued

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2019							
Construction costs accruals	N/A	293,485	—	—	—	293,485	293,485
Other payables and accruals	N/A	754,053	—	—	—	754,053	754,053
Amount due to a shareholder	N/A	3,897,576	—	—	—	3,897,576	3,897,576
Borrowings — fixed-rate	10.45%	5,314,152	—	—	—	5,314,152	5,306,704
15.0% fixed-rate senior notes	15.0%	1,646,702	—	—	—	1,646,702	1,606,390
Lease liabilities	16.62%	3,039	286	—	—	3,325	2,828
Financial guarantee contracts	N/A	421,282	—	—	—	421,282	—
		12,330,289	286	—	—	12,330,575	11,861,036

For properties that are still under construction, the Group typically provides financial guarantees to banks in connection with its customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. Such guarantees will expire upon the completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loans. The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no liabilities has been recognised in the consolidated financial statements and no expected credit losses has been recognised.

29. FINANCIAL INSTRUMENTS — Continued

Credit risk

As at December 31, 2020 and 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 27.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

For the financial guarantees provided to banks in connection with customers' borrowing of mortgage, 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 circumstance, the Group is able to retain the customer's deposit and sell the property to recover any amount paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Fair value of financial assets and liabilities that are not measured on a recurring basis

As at December 31, 2020, the directors of the Company considers that carrying amount of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

As at December 31, 2019, except for the 15% US$ Senior Notes, the directors of the Company considered that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. At December 31, 2019, the carrying amount of the 15% US$ Senior Notes was RMB1,606,390,000 and the fair values of 15% US$ Senior Notes (categorised within Level 2 hierarchy) of approximately RMB1,705,854,000 had been determined using discounted cash flows at an approximate debt yield which being the sum of base interest rate representing the US risk-free rate of 0.88%, and the spread of 13.22% derived from the Hull-White One-Factor Model. The fair values of other financial assets and financial liabilities (categorised within Level 3 hierarchy) had been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

30. LEASES

The Group as a lessee

Measurements of amounts recognised in the consolidated statement of financial position and profit or loss during the year ended December 31, 2020 and 2019:

	Leasehold land (Note) RMB'000	**Properties leased for own use (Note)** RMB'000	**Lease liabilities** RMB'000
Balance as at January 1, 2020	117,445	2,678	2,828
Additions (Note 13)	—	7,977	7,977
Depreciation (Note 13)	(4,488)	(3,595)	—
Interest expense	—	—	1,372
Payments of lease liabilities (Note 25(a))	—	—	(4,539)
Exchange adjustments	—	(530)	(561)
As at December 31, 2020	112,957	6,530	7,077

	Leasehold land (Note) RMB'000	**Properties leased for own use (Note)** RMB'000	**Lease liabilities** RMB'000
Amount recognised upon adoption of HKFRS 16 on January 1, 2019	121,933	6,409	6,409
Depreciation (Note 13)	(4,488)	(3,776)	—
Interest expense	—	—	1,068
Payments of lease liabilities (Note 25(a))	—	—	(4,695)
Exchange adjustments	—	45	46
As at December 31, 2019	117,445	2,678	2,828

Note:

Right-of-use assets represented land and buildings leased for own use carried at depreciated costs is included in the line item as property, plant and equipment (note 13).

30. LEASES — Continued

The Group as a lessee — Continued

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right in PRC is currently recognised as right-of-use assets upon application of HKFRS 16 and is included in the same line items as property, plant and equipment.

Future lease payments are due as follows:

	Minimum lease payments RMB	**Interest** RMB	**Present value** RMB
As at December 31, 2020			
Not later than one year	3,625	(830)	2,795
Later than one year and not later than two years	4,967	(685)	4,282
	8,592	(1,515)	7,077
As at December 31, 2019			
Not later than one year	3,039	(462)	2,577
Later than one year and not later than two years	286	(35)	251
	3,325	(497)	2,828

Analysed for reporting purposes as follows:

	2020 **RMB'000**	2019 RMB'000
Current liabilities	**2,795**	2,577
Non-current liabilities	**4,282**	251
	7,077	2,828

30. LEASES — Continued

The Group as a lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2020	2019
	RMB'000	RMB'000
Within one year	**879**	620
After one year but within two years	**716**	651
After two years but within three years	**751**	683
After three years but within four years	**789**	718
After four years but within five years	**572**	753
Over five years	**—**	551
	3,707	3,976

31. RETIREMENT BENEFITS PLANS

The Group participates in a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made by both the Group and the employees based on 5% of the employees' salaries (capped at HK$25,000 per month as effective from June 1, 2012 and capped at HK$30,000 per month as effective from June 1, 2014) and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds to the scheme to fund the retirement benefits of the employees which are calculated on a certain percentage of the average employee salary as agreed by local municipal government. The obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total contributions incurred in this connection for the year was approximately RMB3,515,000 (2019: RMB5,123,000).

32. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was conditionally adopted pursuant to a resolution passed on February 5, 2007 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Scheme expired on February 5, 2017 and all options which were granted under that Scheme had also lapsed. On June 29, 2017, the Company by ordinary resolution approved the adoption of a new share option scheme ("New Scheme").

Under the New Scheme, the board of directors of the Company may grant options to directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme is not permitted to exceed 180,907,700 shares, being 10% of the shares of the Company in issue as at the date on which the shares of the Company are listed on the Stock Exchange, which can be refreshed according to the Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders in accordance with the Scheme. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares in the Company issued and to be issued upon exercise of all options to such person in the 12-month period up to and including the date of grant in excess of 0.1% of the shares of the Company in issue and with a value (based on the closing price of the shares of the Company at the offer date of each offer) in excess of HK$5,000,000, such grant of options must be approved in advance by the Company's shareholders in accordance with the Scheme.

An option may be exercised at any time during the period to be determined and notified by the directors to the grantee and in the absence of such determination, from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and ten years from the date of offer of that option. A consideration of HK$1 is payable upon acceptance of the offer.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

No options have yet been granted under such New Scheme during the year ended December 31, 2020 and 2019 and up to the date of issuance of these consolidated financial statements.

33. RELATED PARTY TRANSACTIONS

Apart from the related party transaction as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions during both years:

Nature of transactions

	2020	2019
	RMB'000	RMB'000
Office premises expenses (Note)	**18**	27

Note: The tenancy agreement (the "Tenancy Agreement") for the use of the principal place of business of the Company in Hong Kong was entered into between the landlord, a subsidiary of Pacific Concord Holding Limited ("PCH") of which ultimate shareholder is Mr. Wong, and the Group. The Tenancy Agreement is effective from August 1, 2017 to July 31, 2020.

During the year ended December 31, 2020, a new agreement is entered which is effective from August 1, 2020 to July 31, 2023.

On the same date, a sharing agreement was entered into between a subsidiary of PCH and the Group which both parties agreed that the principal office will be divided into two equal halves and each party will be entitled to occupy, use and possess half of the principal office. The rental and the electricity fee, fixed line telephone charge and other charges will be shared equally by the parties.

Compensation of key management personnel

The directors of the Company considered that the directors are the key management of the Group. The remuneration of key management personnel of the Group during both years was as follows:

	2020	2019
	RMB'000	RMB'000
Short-term benefits	**1,096**	1,247

The remuneration of directors is determined by the remuneration committee with reference to the involvement and the business performance of the directors of the Company.

34. CONTINGENT LIABILITIES

At the end of the reporting period, the contingent liabilities of the Group were as follows:

Legal disputes

As at December 31, 2020, the Group is subjected to several legal claims mainly in relation to disputes under construction contracts in respect of its various property development projects which arose during the normal course of business. In these legal proceedings, the Group has received court orders to restrict the disposition of certain investment properties, properties under development for sale and properties held for sale in an aggregate amount of approximately RMB13 million (2019: RMB13 million) and the withdrawal of bank deposits of approximately RMB0.7 million (2019: RMB1 million) as at December 31, 2020. In the opinion of the Directors, the claims made by the construction contractors are mainly related to construction works that not met the required standards and pursuant to the terms of the construction contracts, the Group has the right not to certify those construction work claimed by the contractors. In addition, the Group has already made or is in the process of making counter claims for compensation from the construction contractors for causing delay in delivering of the properties to the end customers of the Group. The management has sought advice from the independent legal advisors or internal legal counsel, as at December 31, 2020, the Group has provided the construction cost liabilities amounting to RMB128 million (2019: RMB52 million) in relation to the above mentioned construction contracts under dispute.

Outstanding legal claims that are subjected to legal proceedings and/or appeal amounted to approximately RMB126 million (2019: RMB94 million) in aggregate. No further provision has been made in the consolidated financial statements in respect of these claims. The directors of the Company are of the opinion that the Group has reasonable ground to defense those legal claims and consider that those legal claims would not result in any material adverse effects on the financial position of the Group.

Except for the matters disclosed elsewhere in the consolidated financial statements, the Group has the following litigations with some of its lenders:

(1) Legal disputes with PinganDahua Group

a. On August 28, 2015, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Shanghai Jingan") and Shanghai Minhang Concord Property Development Co., Ltd.) ("Shanghai Minhang"), each a wholly-owned subsidiary of the Company, as borrowers entered into an entrusted loan agreement with PinganDahua whereby an entrusted loan in the aggregate amount of RMB1.3 billion was granted (the "PinganDahua Entrusted Loan"), originally repayable by August 31, 2018 and extended verbally to October 15, 2018. Since then, the above parties had been in negotiations on new repayment arrangements. PinganDahua, without notice to Shanghai Jingan and Shanghai Minhang, made an application to the notary office for an execution certificate at the end of December 2018 and filed an application for enforcement with the High Court of Shanghai.

34. CONTINGENT LIABILITIES — Continued

Legal disputes — Continued

(1) Legal disputes with PinganDahua Group — Continued

b. On November 17, 2017, Chongqing Riverside Real Estate Co., Ltd. ("Chongqing Riverside"), a wholly-owned subsidiary of the Company, as borrower entered into an entrusted loan agreement with 深圳市平安德成投資有限公司 ("PinganDecheng"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted to Chongqing Riverside (the "PinganDecheng Entrusted Loan") repayable by February 2, 2020. The PinganDecheng Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. PinganDecheng without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 15, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the PinganDecheng Entrusted Loan together with interest and legal costs incurred. Since then, the above parties had been in negotiations on new repayment arrangements.

c. On January 26, 2016, Chongqing Riverside as borrower entered into an entrusted loan agreement with 深圳市思道科投資有限公司 ("SSI"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted (the "SSI Entrusted Loan") to Chongqing Riverside repayable by January 27, 2020. The SSI Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. SSI without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 16, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the SSI Entrusted Loan together with interest and legal costs incurred. Since then, the above parties had been in negotiations on new repayment arrangements.

d. Each of PinganDahua, PinganDecheng and SSI has since assigned all its respective rights under the PinganDahua Entrusted Loan, the PinganDecheng Entrusted Loan and the SSI Entrusted Loan to 西藏领達信投資管理有限公司 (Tibet Lingdaxin Investment Management Co., Ltd.).

e. On June 10, 2021, the Company noted from 公拍網 (Public Auction Platform*), an online public auction platform established by the Shanghai Trade Association of Auctioneers that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Lot #4 Land Notice") in relation to the proposed auction of a parcel of land (lot #4) (the "Lot #4 Land") owned by Shanghai Jingan with total site area of 19,800 square meters located in the southern portion of Shanghai Concord City Phase II, which was mortgaged as security under the PinganDahua Entrusted Loan (the "Proposed Auction"). The Proposed Auction was scheduled to take place from July 11, 2021 to July 14, 2021. According to the Lot #4 Land Notice, as the Lot #4 Land was determined as idle land by Shanghai Jingan District Planning and Natural Resources Bureau in July 2018, the Lot #4 Land would be auctioned on the basis that it is idle land.

34. CONTINGENT LIABILITIES — Continued

Legal disputes — Continued

(1) Legal disputes with PinganDahua Group — Continued

f. The Company has sought legal advice and has filed an objection against the listing of the Lot #4 Land on 公拍網 (Public Auction Platform*) and commenced an administrative proceeding to contest against the Proposed Auction (the "Proceeding").

g. On July 6, 2021, the Company was given to understand that the Higher People's Court of Shanghai Municipality (上海市高級人民法院) has notified the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) that the Proposed Auction should not proceed as it is subject to the Proceeding. The Company however noted from the 公拍網 (Public Auction Platform*) on July 14, 2021 that the Proposed Auction took place as originally scheduled and indicated that the Lot #4 Land had been sold at RMB2,468,390,000, being the starting bid listed for the Proposed Auction. The Company also noted that payment of the balance of the purchase price under the Proposed Auction was scheduled for July 19, 2021 but understands that, before the purchase completes, a new land use right sales contract would need to be entered into.

h. The Company had filed an application for the revocation of the sale of the Lot #4 Land through the Proposed Auction with the Shanghai High People's Court (上海市高級人民法院), which upheld the decision of the Shanghai Second Intermediate People's Court (上海市第二中級人民法院).

i. Please refer to the Company's announcements dated June 30, 2021, July 16, 2021 and December 30, 2021 for further details.

34. CONTINGENT LIABILITIES — Continued

Legal disputes — Continued

(2) Legal disputes with Lujiazui

On November 9, 2016, Shanghai Jingan as borrower entered into an entrusted loan agreement (the "Lujiazui Entrusted Loan Agreement") with Lujiazui whereby an entrusted loan in the total aggregate amount of RMB1.3 billion was granted. Three tranches of loan will be due on May 23, 2019, June 6, 2019 and June 15, 2019. Pursuant to the Lujiazui Entrusted Loan Agreement, Shanghai Jingan was required to pay a deposit of RMB124 million to Lujiazui by December 15, 2018, failing which Lujiazui can demand the immediate repayment of the total loan together with liquidated charges and interest. The full RMB124 million was not paid by due date and since December 4, 2018, Shanghai Jingan and Lujiazui have been in discussion to make a partial prepayment of the loan principal by utilising proceeds from sale of certain residential properties which have been charged to Lujiazui as security for the loan. Without notice to Shanghai Jingan, Lujiazui filed a civil claim claiming the amount of RMB1.24 billion against Shanghai Jingan with the High Court of Shanghai on December 20, 2018. Shanghai Jingan filed an appeal to The Supreme People's Court of the People's Republic of China (最高人民法院) (the "PRC Supreme Court") against the decision of the High Court of Shanghai on August 7, 2019. The appeal was dismissed by the PRC Supreme Court on December 27, 2019, and Shanghai Jingan was ordered to repay RMB1.24 billion to Lujiazui together with interest and legal costs incurred (the "Lujiazui Entrusted Loan"). Since then, the above parties had been in negotiations on repayment arrangements.

(3) Legal disputes with JIC Trust

a. On September 27, 2017, Shanghai Jingan as a borrower entered into an entrusted loan agreement (the "JIC Trust Entrusted Loan Agreement") with JIC Trust whereby an entrusted loan in the aggregate amount of RMB1.2 billion (the "JIC Trust Entrusted Loan") was granted in twelve tranches. The loan tenure for each tranche is 24 months and will be due from October 13, 2019 to December 29, 2019 (the "Loan Term"). Pursuant to the JIC Trust Entrusted Loan Agreement, the lender has the right to demand immediate repayment of the loan if the lender has doubt over the borrower's financial ability to repay the loan. On February 14, 2019, Shanghai Jingan received a notice from JIC Trust informing that the JIC Trust Entrusted Loan Agreement would be terminated on February 18, 2019 and the loan would be due on the same day. As the Loan Term has not yet expired, Shanghai Jingan did not repay the loan as demanded. On February 22, 2019, JIC Trust filed a civil claim against Shanghai Jingan and the Company declaring the termination of the JIC Trust Entrusted Loan Agreement and the loan due. The amount of claim is RMB1,452.35 million. Since then, the above parties had reached settlement whereby Shanghai Jingan will repay the principal amount of RMB1.2 billion under the JIC Trust Entrusted Loan together with interest and legal costs incurred.

34. CONTINGENT LIABILITIES — Continued

Legal disputes — Continued

(3) Legal disputes with JIC Trust — Continued

b. Whilst the Company was in the process of obtaining a new loan from an independent financial institution for the repayment of the JIC Trust Entrusted Loan, on August 6, 2021, the Company noted from 工行融e購 (ICBC Global E-Trade Service*), an online trade platform established by the Industrial and Commercial Bank of China that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Lot #3 and Lot #5 Land Notice") in relation to the proposed auction of two parcels of land (together with the constructions constructed thereon) owned by Shanghai Jingan, being a parcel of land (lot #3) (the "Lot #3 Land") and a parcel of land (Lot #5) (the "Lot #5 Land"), each located in the northern portion of Shanghai Concord City Phase II with a total site area of 7,838 square meters and 11,208 square meters, respectively, which were mortgaged as security under the JIC Trust Entrusted Loan (the "Proposed Auction (JIC Trust)"). The Proposed Auction (JIC Trust) was scheduled to take place from September 15, 2021 to September 18, 2021. According to the Lot #3 and Lot #5 Land Notice, a judicial valuation report (司法鑑定評估報告) on the Lot #3 Land and the Lot #5 Land has been prepared by 上海富申房地產估價有限公司 (Shanghai Fushen Real Estate Appraisal Co., Ltd.*) (the "Judicial Valuation Report") with a total appraised value of RMB1,855,900,500. The Directors are of the view that the Judicial Valuation Report was made based on erred information on the Lot #3 Land and the Lot #5 Land, which substantively undervalued the Lot #3 Land and the Lot #5 Land and hence the Company disagreed with the Judicial Valuation Report.

c. On September 18, 2021, the Company noted from the 工行融e購 (ICBC Global E-Trade Service*) that the Proposed Auction (JIC Trust) took place as originally scheduled and indicated that the Lot #3 Land and the Lot #5 Land had been sold at RMB1,299,140,000, being the starting bid listed for the Proposed Auction (JIC Trust).

d. In addition to the Proposed Auction (JIC Trust), the Company further noted from 工行融e購 (ICBC Global E-Trade Service*) that the Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has issued a notice (the "Second Notice (JIC Trust)") in relation to the proposed auction of the Huashan Building, a property owned by Shanghai Jingan located at West Nanjing Road, Jiang'an District, Shanghai, the People's Republic of China with gross floor area of 7,340 square meters (the "Huashan Building"), which was mortgaged as security under the JIC Trust Entrusted Loan (the "Proposed Second Auction (JIC Trust)"). The Proposed Second Auction (JIC Trust) was scheduled to take place from October 8, 2021 to October 11, 2021. According to the Second Notice (JIC Trust), a judicial valuation report (司法鑑定評估報告) on the Huashan Building has been prepared by 上海富申房地產估價有限公司 (Shanghai Fushen Real Estate Appraisal Co., Ltd.*) (the "Second Judicial Valuation Report") with a total appraised value of RMB419,608,600. The Directors are of the view that the Second Judicial Valuation Report erred in classifying the Huashan Building as a hotel instead of a commercial property, which substantively undervalued the Huashan Building. Accordingly, the Company disagreed with the Second Judicial Valuation Report.

34. CONTINGENT LIABILITIES — Continued

Legal disputes — Continued

(3) Legal disputes with JIC Trust — Continued

e. The Proposed Second Auction (JIC Trust) took place as originally scheduled and the Huashan Building had been sold at RMB335,690,000, being the starting bid listed for the Proposed Second Auction (JIC Trust).

f. Please refer to the Company's announcements dated August 16, 2021, September 30, 2021 and December 30, 2021 for further details.

Shanghai Jingan has filed an application for a review (the "Review") of the application of law and factual errors in the rulings in the judicial process of execution of auctioning (i) the Lot #4 Land through the Proposed Auction; (ii) the Lot #3 Land and the Lot #5 Land through the Proposed Auction (JIC Trust); and (iii) the Huashan Building through the Proposed Second Auction (JIC Trust) (collectively, the "Auctions"), to the PRC Supreme Court. The PRC Supreme Court has conducted the filing and examination for the Review. As at the date of these consolidated financial statements, the PRC Supreme Court has yet to issue its decision. If the PRC Supreme Court rules in favour of Shanghai Jingan, the PRC Supreme Court may rectify the Auctions or order that Shanghai Jingan be compensated, which will impact on the outstanding debts of Shanghai Jingan. The Company will continue to take all necessary actions to vigorously contest against each of the Auctions. The Company will make further announcement(s) on the material development and progress in relation to the above as and when appropriate.

35. OTHER COMMITMENTS

	2020	2019
	RMB'000	RMB'000
Construction commitment contracted but not provided for	**1,224,734**	1,489,248

36. LIST OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at December 31, 2020 and 2019 are as follows:

Name of subsidiaries	Country of establishment/ operation	Equity interest attributable to the Group as at December 31, 2020	2019	Issued and fully paid registered and paid-up capital as at December 31, 2020 and 2019	Principal activities
Cheergain Group Limited	BVI	**100%**	100%	US$4	Investment holding
上海靜安協和房地產有限公司 Shanghai Jingan — Concord Real Estate Co., Ltd.#	PRC	**100%**	100%	US$68,000,000	Property development and investment
上海閔行協和房地產經營有限公司 Shanghai Minhang Concord Property Development Co., Ltd.#	PRC	**100%**	100%	US$99,600,000	Property development and investment
上海盈多利物業管理有限公司 Shanghai Yingduoli Property Management Co., Ltd.##	PRC	**100%**	100%	RMB500,000	Property management service
重慶茵威房地產有限公司 Chongqing Ace Blossom Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶半山一號房地產有限公司 Chongqing Mid-Levels No. 1 Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶山頂一號房地產有限公司 Chongqing Peak No. 1 Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶江灣房地產有限公司 Chongqing Riverside Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶兩江房地產有限公司 Chongqing Yangtze-Jialing River Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶正天投資有限公司 Chongqing Zhengtian Investment Ltd.##	PRC	**100%**	100%	RMB51,000,000	Property development and investment

Wholly foreign owned enterprises registered in the PRC.

A limited liability company registered in the PRC.

For subsidiaries established in the PRC, the English names stated above are for identification purpose only.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Cheergain Group Limited issued 15% fixed-rate senior notes, none of the subsidiaries had issued any debt securities at the end of the both years.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 RMB'000	2019 RMB'000
Non-current assets		
Plant and equipment	**59**	94
Investments in subsidiaries	**7,783,523**	7,787,858
	7,783,582	7,787,952
Current assets		
Other receivables, deposits and prepayments	**1,243**	1,143
Current liabilities		
Other payables and accruals	**9,576**	6,241
Amounts due to subsidiaries	**2,359,405**	2,328,085
	2,368,981	2,334,326
Net current liabilities	**(2,367,738)**	(2,333,183)
Net assets	**5,415,844**	5,454,769
Capital and reserves		
Share capital	**170,073**	170,073
Share premium and reserves (Note)	**5,245,771**	5,284,696
Total equity	**5,415,844**	5,454,769

Note:

Movement of reserves

	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2019	7,967,070	(2,667,216)	5,299,854
Loss and other comprehensive income for the year	—	(15,158)	(15,158)
At December 31, 2019	7,967,070	(2,682,374)	5,284,696
Loss and other comprehensive income for the year	—	(38,925)	(38,925)
At December 31, 2020	7,967,070	(2,721,299)	5,245,771

38. IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed below and note 34, to the knowledge of the directors of the Company, there is no other important event affecting the Group since the end of the financial year and up to the date of these consolidated financial statements.

(a) Winding up petition against the Company

On February 28, 2022, the Company received a petition (the "Petition") from JIC Trust in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) filed in the High Court of The Hong Kong Special Administrative Region (the "High Court") under Companies Winding-up Proceedings No. 67 of 2022 that the Company may be wound up by the High Court for failing to pay an outstanding debt of Shanghai Jingan, a wholly-owned subsidiary of the Company, which the Company has provided a corporate guarantee, in the sum of HK$904,433,593.19. The Shanghai Second Intermediate People's Court (上海市第二中級人民法院) has yet to issue the confirmation for the judgement amount (the "Subject Amount") as at the date of the Petition. The Petition was scheduled to be heard before the High Court on May 4, 2022 and was subsequently further adjourned to November 28, 2022. The Company is opposing the Petition and will continue to seek legal advice on the matter. Please refer to the Company's announcements dated March 18, 2022, May 4, 2022, June 1, 2022, July 13, 2022, July 25, 2022 and September 19, 2022 for further details.

As disclosed in note 34, Shanghai Jingnan has filed the Review which the PRC Supreme Court has conducted the filing and examination. As at the date of these consolidated financial statements, the PRC Supreme Court has yet to issue its decision. If the PRC Supreme Court rules in favour of Shanghai Jingan, the PRC Supreme Court may rectify the Auctions or order that Shanghai Jingan be compensated, which will impact on the outstanding debts of Shanghai Jingan.

Accordingly, the Company believes that the grounds for the Petition and the Subject Amount may be subject to dispute and the Company will continue to take all necessary actions to vigorously contest against each of the Auctions and the Petition.

Further announcement(s) will be published as and when necessary to keep the shareholders and potential investors informed.

38. IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR — Continued

(b) Suspension of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

(i) The Company failed to announce its preliminary financial results for the year ended December 31, 2020 which shall have been agreed with the auditor on or before March 31, 2021. Accordingly, pursuant to Rule 13.50 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), trading in the shares of the Company has been suspended since April 1, 2021, and remains suspended as at the date of these consolidated financial statements.

(ii) On May 27, 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange may cancel the Company's listing under Rule 6.01A of the Listing Rules if the Company fails to remedy the issues causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by September 30, 2022. In such case, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Please refer to the Company's announcement dated May 31, 2021 for further details.

(iii) On May 5, 2022, the Company received additional resumption guidance from the Stock Exchange. Please refer to the Company's announcement dated May 6, 2022 for further details.

(c) Default in repayment of the USD226,000,000 15.0% US$ Senior Notes due 2021 by Cheergain Group Limited

(i) On October 15, 2018, Cheergain Group Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued USD226,000,000 15.0% Senior Notes due 2021 (the "15% US$ Senior Notes") which were listed on the Official List of The International Stock Exchange (note 22).

(ii) The 15% US$ Senior Notes have matured on October 15, 2021 (the "Maturity Date") and delisted from The International Stock Exchange on the Maturity Date. Yet, no payment was made by the Issuer on the Maturity Date and such non-payment constitutes an event of default under the indenture constituting the 15% US$ Senior Notes.

(iii) The total amount due under the 15% US$ Senior Notes comprises the outstanding principal of USD225,600,000 and interest accrued thereon (the "Outstanding Amount").

(iv) The Company has been proactively communicating with the holders of the 15% US$ Senior Notes (the "Noteholders") and will continue to engage in active dialogue with the Noteholders with a view to keep the Noteholders informed of the actions taken and to be taken by the Company in arranging for settlement of the Outstanding Amount.

FINANCIAL SUMMARY

RESULTS

	For the year ended December 31,				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Revenue	206,217	215,414	96,079	589,300	**403,997**
Profit/(loss) before tax	1,047,083	382,218	501,386	(326,599)	**(19,124,605)**
Income tax credit/(expense)	(307,499)	(97,546)	(141,412)	43,614	**4,648,339**
Profit/(loss) for the year attributable to owners of the Company	739,584	284,672	359,974	(282,985)	**(14,476,266)**
Earnings/(loss) per share					
Basic	RMB0.41	RMB0.16	RMB0.20	(RMB0.16)	**(RMB8.00)**
Diluted	RMB0.36	RMB0.11	RMB0.18	(RMB0.16)	**(RMB8.00)**

ASSETS AND LIABILITIES

	As at December 31,				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Total assets	58,479,322	59,211,064	60,572,352	61,605,020	**43,389,555**
Total liabilities	(21,574,403)	(22,021,473)	(23,022,787)	(24,338,440)	**(20,599,241)**
	36,904,919	37,189,591	37,549,565	37,266,580	**22,790,314**
Equity attributable to owners of the Company	36,904,919	37,189,591	37,549,565	37,266,580	**22,790,314**

PARTICULARS OF MAJOR PROPERTIES

At December 31, 2020

Properties held by the Group as at December 31, 2020 are as follows:

Location	Type (Notes)	Gross floor area (Square meters)	Effective % held	Stage of completion	Anticipated completion
Portion of Phases 1,2, 3, 4A and 4B of Shanghai Cannes No. 958 Xin Song Road Minhang District Shanghai The PRC	R & C	66,255	100	Completed	N/A
Commercial Street and Service Apartment located at No. 958 Xin Song Road Minhang District Shanghai The PRC	R & C	293,815	100	Under planning	2025
Portion of Phase 1 of Shanghai Concord City (Commercial Street, and Service Apartment) located at West of Nanjing Road Jing'an District Shanghai The PRC	R & C	43,261	100	Completed	N/A
The whole of Phase 2 of Shanghai Concord City (Commercial Street, Hotel, Office Premise and Service Apartment) located at West of Nanjing Road Jing'an District Shanghai The PRC	R & C	338,074	100	Construction in progress	Sold by way of public auction on July 14, 2021 and September 18, 2021
Huashan Building West Nanjing Road Jing'an District Shanghai The PRC	C	7,340	100	Renovation in progress	Sold by way of public auction on October 11, 2021

PARTICULARS OF MAJOR PROPERTIES

At December 31, 2020

Location	Type (Notes)	Gross floor area (Square meters)	Effective % held	Stage of completion	Anticipated completion
Chongqing International Commerce Centre located at Nan Bin Road Chongqing The PRC	R & C	2,050,000	100	Construction in progress	2025
Portion of Commercial Street Manhattan Luxury Residence and Beverly Hills located at Lijiu Road Chongqing The PRC	R & C	119,722	100	Construction in progress	2012–2023
Chongqing Manhattan City Villa Zone located at Lijiu Road Chongqing The PRC	R	232,104	100	Construction in progress	2012–2024
Chongqing Manhattan City European Type House Zone located at Lijiu Road Chongqing The PRC	R	400,315	100	Construction in progress	2019–2024
Chongqing Concord City located at Jiefangbei Chongqing The PRC	R & C	408,927	100	Construction in progress	2025
Golden Tower located at Lijiu Road Chongqing The PRC	R & C	568,644	100	Construction in progress	2024

Notes:

Types of properties: R-Residential, C-Commercial

N/A: Not applicable