

AGILE GROUP HOLDINGS LIMITED

雅居樂集團控股有限公司 (Incorporated in the Cayman Islands with limited liability) Stock Code: 3383



2019









CORPORATE PROFILE

Agile Group Holdings Limited (Stock Code: 3383) and its subsidiaries are principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial. As a renowned brand in China, the Group has established diversified businesses in various cities and districts in China and overseas. As at 31 December 2019, the Group had a land bank with a total attributable planned GFA of 39.70 million sq.m..

Shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are constituent stocks of Hang Seng Composite Index, Hang Seng Global Composite Index, Hang Seng Stock Connect Hong Kong Index Series, Hang Seng Mainland China Companies High Dividend Yield Index, Hang Seng Mainland Properties Index, Hang Seng High Beta Index, Hang Seng China (Hong Kong-listed) 100 Index, MSCI China Index and Lippo Select HK & Mainland Property Index.

BUSINESS STRUCTURE

Agile will continue to adopt the operating model of "focusing on property development, supported by a diversified range of businesses" ("1+N"), driving the solid growth of each business segment.



Property Development

A land bank with a total attributable planned GFA of 39.70 million sq.m. in 75 cities

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A-Living

The GFA under management and contracted GFA were 234.0 million sq.m. and 356.2 million sq.m. respectively







Environmental Protection

Optimising its regional presence, driving the development of its business segments including hazardous waste treatment, water treatment and common solid waste treatment



CONTENTS

- 4 Milestones 2019
- 6 Major Honours and Awards
- 8 Chairman's Statement
- 16 Management Discussion and Analysis
- 26 Property Development
 - 28 Business Overview
 - 30 Project Overview
 - 32 Land Bank Table
- 40 A-Living
- 42 Environmental Protection
- 44 Agile City
- 46 Real Estate Construction Management
- 48 Commercial

- 50 Investor Relations
- 52 Directors' Profile
- 57 Senior Management's Profile
- 59 Corporate Governance Report
- 82 Report of the Directors
- 98 Independent Auditor's Report
- 104 Consolidated Balance Sheet
- 106 Consolidated Income Statement
- 107 Consolidated Statement of Comprehensive Income
- 108 Consolidated Statement of Changes in Equity
- 110 Consolidated Statement of Cash Flows
- 112 Notes to the Consolidated Financial Statements
- 223 Five-year Financial Summary
- 225 Corporate Information
- 230 Glossary



44

Agile City

Principal businesses including Habitat Technology and Engineering, Procurement, Construction





Real Estate Construction Management

Services including design and application for construction, construction management, cost control, brand export and product marketing

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Commercial

Commercial projects including hotels, investment properties, community retail and culture and tourism retail.



FINANCIAL HIGHLIGHTS

Income Statement Highlights

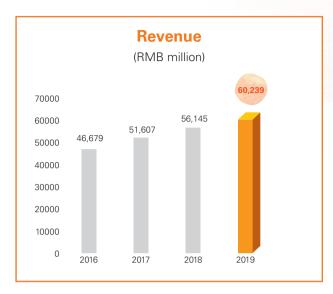
For the year ended 31 December

	2019	2018	Change
Revenue (RMB million)	60,239	56,145	+7.3%
Gross profit (RMB million)	18,358	24,674	-25.6%
Net profit (RMB million)	9,233	8,358	+10.5%
Profit attributable to shareholders of the Company			
(RMB million)	7,512	7,125	+5.4%
Basic earnings per share (RMB)	1.935	1.835	+5.4%
Distributed interim dividend per share (HK cents)	60.0	50.0	+20.0%
Proposed final dividend per share (HK cents)	40.0	50.0	-20.0%
Full year dividend per share (HK cents)	100.0	100.0	_

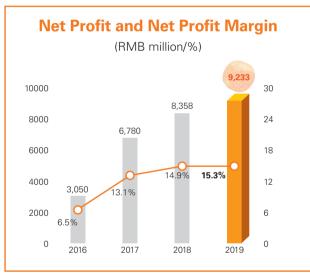
Balance Sheet Highlights

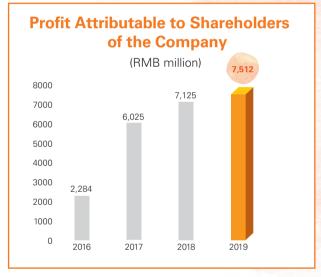
As at 31 December

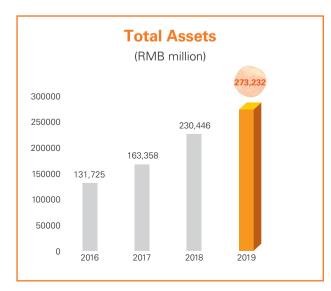
	2019	2018	Change
Total assets (RMB million)	273,232	230,446	+18.6%
Cash and cash equivalents (RMB million)	33,551	35,776	-6.2%
Restricted cash (RMB million)	9,004	9,285	-3.0%
Short-term borrowings (RMB million)	42,297	35,333	+19.7%
Long-term borrowings (RMB million)	54,373	53,196	+2.2%
Shareholders' equity (RMB million)	44,474	41,239	+7.8%
Return on equity (ROE)	16.9%	17.3%	-0.4 percentage points
Total debt/total assets	35.4%	38.4%	-3.0 percentage points
Net debt/total equity	82.8%	79.1%	+3.7 percentage points

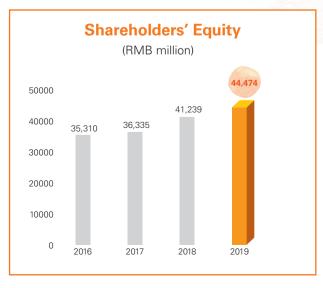












MILESTONES 2019

March

Golden Credit Rating assigned the highest onshore credit rating "AAA" to the Company.

June

The Company was granted a 24-month term loan facility of MOP1,854 million, a successful expansion of offshore finance in terms of currency and channel.

July

The Company held the "Press Conference on Empathy – Agile Charity Theme", demonstrating the core charity philosophy of the Company in practising corporate social responsibility.



September

The Company was included as a constituent stock of Hang Seng Mainland China Companies High Dividend Yield Index.

Moody's affirmed the corporate family rating of Ba2 to the Company with a stable outlook.

S&P affirmed the long-term issuer credit rating of BB to the Company with a stable outlook.

The property development business announced the launch of its cultural tourism properties brand "LOHAS WORLD" and its cultural tourism properties projects in over 10 cities in China.

The property management business, A-Living, announced the acquisition of 60% equity interest in CMIG PM and New CMIG PM, which is the largest ever merger and acquisition in the industry and a significant leap in business scale.





December

The construction business renamed itself "Agile City" and unveiled a new brand logo.

The accumulated pre-sale amount of the Company again exceeded the RMB100 billion mark, reaching RMB117.97 billion.



MAJOR HONOURS AND AWARDS

Corporate Social Responsibility

Caring Company

The Hong Kong Council of Social Service

Green Development Enterprise of the Year Southern Weekly

China Valuable Real Estate Awards – Corporate Citizen of the Year National Business Daily

Corporate Social Responsibility Award 2019 Capital magazine

Green Office Awards Labelling Scheme and Eco-Healthy Workplace World Green Organisation

Hong Kong Green Organisation Certification

– Wastewi\$e Certificate – Excellence

Environmental Campaign Committee

ACCA Approved Employer

– Trainee Development (Gold)

ACCA

Award for Outstanding Contribution in Corporate Social Responsibility China Business Journal

Outstanding Enterprise of the Year for Poverty Alleviation

21st Century Business Herald

2019 Enterprises of Charity Innovation International Financial News

Best Employer Branding Practice

Best Innovative Employee C&B Program HRflag, WINGs and YIKE talks

InnoESG Prize 2019

UNESCO Hong Kong Association Global Peace Centre; Rotarian Action Group for Peace; WoFoo Social Enterprises; SocietyNext Foundation



















Capital Markets

HKIRA Investor Relations Awards – Certificate of Excellence

Hong Kong Investor Relations Association

LACP 2018 Vision Awards - Silver Award

League of American Communications Professionals LLC (LACP)

LACP 2018 Vision Awards – Top 80 Chinese Reports League of American Communications Professionals LLC (LACP)

LACP 2018 Vision Awards – Outstanding Production Values

League of American Communications Professionals LLC (LACP)

LACP 2018 Vision Awards – Technical Achievement Award

League of American Communications Professionals LLC (LACP)

2019 International ARC Awards – Honors – Interior Design: Real Estate Development/ SVC Residential Properties

MerComm, Inc.

2019 International ARC Awards – Honors – Photography: Real Estate Development/ SVC Residential Properties

MerComm, Inc.

2019 Galaxy Awards – Honors – Annual Report – Print: Property Development MerComm, Inc.

Corporate Governance

Award for Outstanding Practice in Innovative Financial Management Sharing Center of Chinese Enterprises 2019

Committee of China's Corporate Financial Valuation Experts, China CFO Development Centre

In-house Counsel Awards
China Business Law Journal

The Listed Enterprise Excellence Awards 2019 – Corporate Governance Awards Capital Weekly magazine

Corporate Brand

Outstanding China Real Estate Enterprise 2018 Quamnet

MPW Elite Awards 2018 – Provider of Quality Lifestyles Ming Pao Weekly

China Property Award of Supreme Excellence 2019
Organising Committee of China Property Award of
Supreme Excellence

Headline NO.1 Award 2019 – No. 1 China's Property Developer in Greater Bay Area Headline Daily

Award for Operational Capability of China Listed Real Estate Enterprise 2019 *Gelonghui*

China Top 500 Private Enterprises

All-China Federation of Industry and Commerce

China Top 100 Private Service Enterprises

All-China Federation of Industry and Commerce

Hong Kong Outstanding Enterprises 2019

– Main Board Category

Extraordinary Enterprises Awards 2019 Economic Digest magazine

Brand Value Communication Award Times Media

Best Product Development Capability China Investment Network





















CHAIRMAN'S STATEMENT



CHEN Zhuo Lin

Chairman and President

CHAIRMAN'S STATEMENT (CONTINUED)

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 as follows:

Results and Dividends

During the year, the revenue of the Group amounted to RMB60,239 million, representing an increase of 7.3% when compared with last year. Gross profit amounted to RMB18,358 million, representing a decrease of 25.6% when compared with last year. The Group's overall gross profit margin was 30.5%, representing a decrease of 13.4 percentage points when compared with last year. Net profit increased by 10.5% to RMB9,233 million, while the Group's net profit margin also rose by 0.4 percentage points to 15.3% when compared with last year. Profit attributable to shareholders amounted to RMB7,512

million, representing an increase of 5.4% when compared with last year.

During the year, the Group's revenue from recognised sales of property development was RMB54,177 million, representing an increase of 3.2% when compared with last year. Revenues from property development business and diversified businesses accounted for 89.9% and 10.1% respectively. The proportion of the diversified businesses' revenue increased by 3.6 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a diversified range of businesses".

During the year, diversified businesses including property management services, hotel operations and environmental protection recorded a revenue growth of 67.7%, 11.1% and 146.1% respectively when compared with last year, continuing to provide solid revenue to the Group.



Agile City Center Villa Wuxi

CHAIRMAN'S STATEMENT (CONTINUED)

Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company (the "Board") has proposed the declaration of a final dividend of HK40.0 cents per share to its shareholders in 2019. Together with the interim dividend of HK60.0 cents per share paid in the same year, the total dividend of 2019 will be HK100.0 cents per share, which is same as last year.

Market Review

In 2019, the global economy experienced unprecedented challenges. The US-China trade war, Brexit and geopolitical tensions had caused economic instability in the market. However, the Central Government reiterated its real estate policy, namely "houses are for living in, not for speculation", and the local governments emphasized the implementation of austerity measures based on "city-specific policies", ensuring the steady and healthy development of China's real estate market. The Group also continued to implement the operating model of "focusing on property development, supported by a diversified range of businesses" and actively facilitated the development of the "Three-year Plan".

Pre-sale Again Exceeding RMB100 Billion

During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying "Agile" brand name managed by the Group amounted to RMB117.97 billion, representing an increase of 14.9% when compared with last year. The accumulated GFA presold was 8.911 million sq.m., representing an increase of 11.7% when compared with last year, while the average selling price was RMB13,240 per sq.m.. During the year, the completion rate of pre-sale target reached 104%, with the pre-sale again exceeding RMB100.00 billion.

The Group continued to adopt regional and diversified marketing strategies, and at the same time strived to expand industry-city integration projects. During the year, the Group launched featured town projects in Tianjin, Weihai, Xiangyang, Zhengzhou and other cities, which created long-term and stable revenue for the Group. During the year, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan and Yunnan and Northern China regions. The value of saleable resources exceeded RMB200.00 billion for the full year, with 178 projects for sale including 55 newly launched projects.



Agile Champion Town Weihai

Diversifying Land Acquisition Channels

During the year, the Group diversified its land acquisition channels. The Group strategically obtained 42 new high-quality projects through tender, auction, listing-forsale, land application and equity acquisitions, further consolidating its foothold on property development business. The total planned GFA of the new land parcels was 10.90 million sq.m.. The total consideration of the new land parcels was RMB47.20 billion, with an average land cost of RMB4,334 per sq.m.. As at 31 December 2019, the Group had a land bank with total attributable planned GFA of 39.70 million sq.m. in a total of 75 cities. Among which, Beihai, Kunming, Kunshan, Liyang, Qingyuan, Shijiazhuang, Weinan, Xiangyang, Yixing and Phnom Penh of Cambodia were newly explored markets.

In addition, the Group held 8.34 million sq.m. of land bank, which accounted for 21% of its total land bank, in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Bay Area"). Following the Central Government's announcement of implementation opinions and action plans related to the development of the Bay Area, the Group remains ideally positioned to benefit from the enormous potential for future development.

Continued Increase in Revenue from Diversified Businesses

In respect of diversified businesses, the Group invested approximately RMB10.0 billion on the development of 34 new non-real estate projects during the year. The Group's property management, commercial and environmental protection arms continued to capitalise on synergies. During the year, diversified businesses including property

management services, hotel operations and environmental protection recorded a revenue growth of 67.7%, 11.1% and 146.1% respectively when compared with last year, continuing to provide solid revenue to the Group.

In respect of property management, A-Living maintained a rapid growth in business during the year. The revenue of A-Living was RMB5,127 million, representing an increase of 51.8% when compared with last year. Gross profit and net profit were RMB1,883 million and RMB1,292 million respectively, representing an increase of 46.0% and 59.3% respectively when compared with last year. Gross profit margin and net profit margin were 36.7% and 25.2% respectively, representing a decrease of 1.5 percentage points and an increase of 1.2 percentage points respectively when compared with last year. Profit attributable to shareholders was RMB1,231 million, representing a year-on-year increase of 53.7% and basic earnings per share amounted to RMB0.92, reflecting strong financial performance.

A-Living continued to implement the dual-branded development strategy based on "Agile Property Management" and "Greenland Property Services", and accelerated the business growth through expansion to projects from third-party developers and mergers and acquisitions. During the year, A-Living announced the acquisition of 60% equity interest in CMIG Futurelife Property Management Limited ("CMIG PM") and Minrui Property Management (Shanghai) Co., Ltd. ("New CMIG PM"), marking the largest mergers and acquisitions in the industry. Upon completion of the acquisition, the GFA under management of A-Living will exceed 500 million sq.m.. Its profitability and brand strength will

CHAIRMAN'S STATEMENT (CONTINUED)

greatly improve while its market share in economically vibrant regions such as Shanghai, Chongging, Jiangsu and Shandong will rapidly increase. By this acquisition, A-Living will also be able to strengthen its presence in the segments of public buildings, commercial and office buildings and enter into other niche markets with high entry barriers to manage numerous city landmark projects, which will greatly enhance the Group's ability to establish itself as a nationwide property management platform with a diversified business portfolio and multiple prominent brands. During the year, A-Living also carried out systematic post-integration works for its acquired enterprises. In accordance with the needs of such enterprises, A-Living empowered them in the aspects of information system, management efficiency and expansion capability through sharing resources. An indepth integration in terms of management, business and corporate culture were realised, which effectively



Agile Eden Yunnan

improved the management efficiency and facilitated the growth in scale and profitability of the acquired companies.

As at 31 December 2019, the GFA under management and contracted GFA of A-Living were 234.0 million sq.m. and 356.2 million sq.m. respectively, of which the contracted GFA from Agile and Greenland Holdings amounted to 77.1 million sq.m. and 40.1 million sq.m. respectively, representing an increase of 9.5% and 81.9% respectively when compared with that of 31 December

2018. The contracted GFA from two shareholders accounted for 32.9% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from mergers and acquisitions) amounted to 239.1 million sq.m., representing an increase of 74.0% when compared with that of 31 December 2018 and accounting for 67.1% of the total contracted GFA.

In respect of environmental protection business, the Group continued to consolidate the nationwide presence of its environmental protection projects while facilitating the development of its hazardous industrial waste treatment, landfill, water treatment and domestic waste-to-energy projects. As at 31 December 2019, the environmental protection business had a total of 45 projects, including 32 hazardous waste treatment projects, 6 domestic wasteto-energy projects, 4 integrated industrial park projects and 3 water treatment projects. During the year, revenue and operating profit generated from the environmental protection business amounted to RMB1,510 million and RMB335 million respectively, representing an increase of 146.1% and 69.6% respectively when compared with last year. The environmental protection business generated ever-increasing income for the Group. As at 31 December 2019, the maximum hazardous waste processing capacity of the environmental protection business exceeded 3.30 million tonnes per year. The total capacity of its landfill was over 18 million cubic metres. The daily maximum water treatment capacity exceeded 2.20 million tonnes. The daily maximum domestic waste-to-energy treatment capacity reached 4,850 tonnes. Of these, the hazardous waste treatment business recorded outstanding performance, securing a leading position in the industry.

During the year, the construction business established habitat technology and Engineering Procurement Construction segments. The business also renamed itself Agile City Group and unveiled its new logo on 27 December 2019. Agile City Group actively explored third-party markets while driving the steady development of its principal business. With a geographical presence spanning 80 cities in 28 provinces and municipalities, the Group has undertaken over 300 projects, providing construction-related services to over 50 real-estate corporate customers.



Project in Jieyang City

During the year, the real estate construction management business continued to deliver steady growth. Its projects covered 8 provinces including Anhui, Chongqing, Guangdong, Jiangsu, Jiangxi, Shanxi, Hunan and Zhejiang, with the accumulated value of saleable resources exceeding RMB60.0 billion. The expansion and development of projects was in smooth progress, with numbers of projects launched for sale successively. Projects located in Jieyang, Guangdong Province and Qingtian, Zhejiang Province continued to launch new products. The sales of new projects located in Zhongshan, Guangdong Province and Huaian, Jiangsu Province was also in line with the Group's expectation.

During the year, revenue of the Group's commercial business (including hotel operations and rental income from investment properties) amounted to RMB974

million, representing an increase of 7.0% when compared with last year and providing steady revenue to the Group. Rental income from the community commercial projects also increased, while the occupancy rate of Guangzhou Agile Center and Agile International Plaza Shanghai was nearly 100%.

Optimisation of Debt Structure

Sound financial position has been a vital pillar supporting the Group's business development. Therefore, the Group made efforts to accelerate its sales turnover, strengthen capital and budget management as well as optimising cost and expense control during the year. The Group also optimised its debt structure through a number of onshore and offshore financing channels. These included the issue of USD500 million 6.7% senior notes due

CHAIRMAN'S STATEMENT (CONTINUED)

2022 and USD1,400 million senior perpetual capital securities. In addition, the Group was granted a 24-month term loan facility of MOP1,854 million and a term loan facility comprising two tranches of HKD1,170 million and USD100 million (with a greenshoe option of USD500 million or its HKD equivalent) with a term of 36 months. As at 31 December 2019, the Group's total cash and bank deposits amounted to RMB42,555 million.

Maintaining Good Corporate Governance and Performing Corporate Social Responsibilities

The Group upholds the concept of "mutual communication for a win-win situation". Subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (the "Listing Rules") and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

The Group makes active efforts to fulfil its corporate social responsibilities. Adhering to the brand philosophy of "Lifestyle of a Lifetime", the Group is determined to build ties and foster empathy with the communities. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of the high-quality product and service quality. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting long-term and sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

Prospects and Strategy

Entering 2020, the rapid outbreak of the novel coronavirus ("COVID-19") in different cities has led to a major challenge for the global economy. Under the effective control measures of the Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activities and construction works in various cities, with an aim to fully support the prevention and control for the novel coronavirus and to effectively cut off the transmission of the virus. Under the premise of protecting the health and safety of customers and employees, the Group has gradually resumed its operation since February 2020 in accordance with the local governments' policies. Meanwhile, the Group has also established an online sales centre named Yajubao to provide professional online consultation to prospective buyers, with an aim to minimise the impact of the epidemic on the Group's sales activities.

The pandemic has caused a short-term impact on all sectors and the sales of the real estate industry has also been affected by the short-term psychological impact of the public on the epidemic. Therefore, we foresee the sales performance of the real estate industry will decline significantly in the first quarter of 2020 when compared with the corresponding period of last year. However, a number of local governments in China have introduced relaxation policies to support the local real estate market in an effort to stabilise the future development of China's real estate market. The Group will closely monitor the development of novel coronavirus and assess the impact of the epidemic on the Group's finance and operation. The Group will adjust the marketing plans and development strategies in a timely manner, with an aim to ensure the effective implementation of the business model of "focusing on property development, supported by a diversified range of businesses".



Guangzhou Agile Center

The Group remains confident about the future development of its business segments, and firmly believes that we will succeed in combating the epidemic with our concerted efforts. In the meantime, the Group will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.

Acknowledgement

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing and sustaining steady growth of the Group.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 23 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS



Agile Royal Mount Zhongshan

Overall Performance

During the year, the Group's revenue was RMB60,239 million (2018: RMB56,145 million), representing an increase of 7.3% over 2018. The operating profit was RMB18,040 million (2018: RMB22,118 million), representing a decrease of 18.4% over last year. Profit attributable to shareholders was RMB7,512 million (2018: RMB7,125 million), representing an increase of 5.4% over last year. Basic earnings per share was RMB1.935 (2018: RMB1.835).

Land Bank

As at 31 December 2019, the Group had a land bank with a total attributable planned GFA of 39.70 million sq.m. in 75 cities, which across Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and overseas. The average land cost was RMB3,364 per sq.m., which was competitive.

In 2019, the Group was dedicated to expanding its nationwide presence through strategically acquiring 42 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisition. Among these, cities of Beihai, Kunming, Kunshan, Liyang, Qingyuan, Shijiazhuang, Weinan, Xiangyang, Yixing and Phnom Penh of Cambodia are the Group's newly explored markets. The total planned GFA of the new land parcels was 10.90 million sq.m.. The total consideration of the new land parcels was RMB47.2 billion, with an average land cost of GFA of approximately RMB4,334 per sq.m..

The following table sets forth the details of the newly acquired land parcels:

		Attributable	Total Planned
Land Parcel Name	City	Interest (%)	GFA (sq.m.)
Southern China Region			
Site in Ancient Town	Zhongshan	100	80,398
Site in Light Rail Station	Huizhou	70	196,508
Site A in Huicheng District	Huizhou	49	76,855
Site B in Huicheng District	Huizhou	35	222,110
Site in Taicheng District	Jiangmen	100	96,284
Site in Xinhui District	Jiangmen	51	63,525
Site in Qingcheng District	Qingyuan	40	466,760
Site in Dongcheng Avenue	Qingyuan	50	111,995
Site in Lehuo Tiandi Town	Maoming	100	207,255
Site in Golden Bay	Beihai	60	497,813
Eastern China Region			
Site in Pukou District	Nanjing	65	702,104
Site in Jiangning District	Nanjing	51	155,937
Site in Xixiashu Pure Industry	Changzhou	100	61,249
Site in Gaoxin District	Changshu	49	132,701
Site in Xinzhan District	Hefei	100	136,094
Site in Dianshan Lake Town	Kunshan	100	108,523
Site in Agile Champion Town	Weihai	64.8	1,811,812
Site in Yunlong District	Xuzhou	50	172,115
Site in International Waterfront New Town	Yangzhou	100	508,218
Site in High Technology Town	Huzhou	100	89,288
Site in Guanlin Industry	Yixing	100	133,000
Site in Puyang Industry	Puyang	100	51,200
Western China Region			
Site in Wenjiang District	Chengdu	100	245,068
Site in Beipei District	Chongqing	100	168,089
Site in Jiulongpo District	Chongqing	100	100,070
Site in Urban District	Weinan	100	104,730
Central China Region			
Site in High-tech District	Wuhan	49	275,514
Site in Technology & Innovation Town	Xiangyang	100	442,912
Site in Zhengshang New District	Zhengzhou	33	116,726
Site in Agile Romantic Town	Zhengzhou	72	656,582

		Attributable	Total Planned
Land Parcel Name	City	Interest (%)	GFA (sq.m.)
Northern China Region			
Site in Hexi District	Beijing	100	80,252
Site in Yuci District	Jinzhong	49	452,292
Site in Zhengding New District	Shijiazhuan	100	99,394
Site in Haijiao Garden District	Tianjin	50	327,276
Site in Agile Baodi Jinqiao International Town	Tianjin	96	329,323
Northeast China Region			
Site in Development District	Shenyang	50	52,198
Yunnan Region			
Site in Xishan District	Kunming	100	260,873
Site in Panlong District	Kunming	50	262,126
Site in Agile International Garden	Ruili	100	522,477
Site in Agile Quenya	Xishuangbanna	100	151,680
Hong Kong			
Site A in Mount Parker Road Project	Hong Kong	100	2,479
Site B in Mount Parker Road Project	Hong Kong	90	2,159
Overseas			
Site in Agile Embassy Garden	Kuala Lumpur	100	111,900
Site in Agile Sky Residence	Phnom Penh	49	50,640

Property Development and Sales

During the year, revenue from recognised sales of property development of the Group was RMB54,177 million, representing an increase of 3.2% when compared with RMB52,488 million in 2018. The increase was mainly attributable to higher recognised average selling price. The recognised average selling price increased to RMB11,957 per sq.m. in 2019, representing an increase of 6.7% when compared with RMB11,206 per sq.m. in 2018. The total recognised GFA sold was 4.53 million sq.m., representing a decrease of 3.3% when compared with 2018.

Property Management

During the year, revenue from property management of the Group was RMB3,577 million, representing an increase of 67.7% when compared with RMB2,133 million in 2018. Operating profit from property management was RMB1,385 million, representing an increase of 28.7% which compared with RMB1,076 million in 2018. The growth was mainly attributable to an increase in the total GFA under management to 233.99 million sq.m. (2018: 138.12 million sq.m.).

Hotel Operations

During the year, revenue from hotel operations of the Group was RMB802 million, representing an increase of 11.1% when compared with RMB722 million in 2018. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Holiday Inn Resort Hainan Clearwater Bay, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property Investment

During the year, revenue from property investment of the Group was RMB173 million, representing a decrease of 8.7% when compared with RMB189 million in 2018. The decrease was mainly due to certain properties were transferred to property, plant and equipment including Guangzhou Agile Centre and Shanghai Agile International Plaza.

Environmental Protection

During the year, revenue from environmental protection of the Group was RMB1,510 million, representing an increase of 146.1% when compared with RMB614 million in 2018. Operating profit from environmental protection was RMB335 million, representing an increase of 69.6% which compared with RMB197 million in 2018. The growth was mainly attributable to increased number of new hazardous waste treatment projects and faster growth of water treatment capacity during the year.

Cost of Sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, capitalised interest and tax surcharge.

During the year, cost of sales of the Group was RMB41,881 million, representing an increase of 33.1% when compared with RMB31,471 million in 2018. The increase was mainly due to the increase of land cost and construction cost. The total recognised GFA sold decrease by 3.3% to 4.53 million sq.m. when compared with last year.

Gross Profit

During the year, gross profit of the Group was RMB18,358 million, representing a decrease of 25.6% when compared with RMB24,674 million 2018. During the year, gross profit margin of the Group was 30.5%, representing a decrease of 13.4 percentage points when compared with 43.9% in 2018. As several cities affected by "City-specific Policies", the proportional of revenue recognition of high-margin projects has dropped significantly, leading to the decrease of overall gross profit margin of the Group.

Other Gains, Net

During the year, the other gains, net of the Group was RMB4,802 million representing an increase of 141.8% when compared with RMB1,986 million in 2018, which was mainly due to a gain of RMB2,989 million from the disposal of 34% equity interest in a project company to an independent third party and resulted in loss of control, remeasurement gains resulting from a joint venture transferred to a subsidiary of RMB579 million and fair value gains on financial assets at fair value through profit or loss of RMB1,000 million.

Other Income

During the year, other income of the Group was RMB1,283 million, representing an increase of 23.3% when compared with RMB1,040 million in 2018. The increase was mainly attributable to the increase of interest income from bank deposit and government grants.

Selling and Marketing Costs

During the year, selling and marketing costs of the Group was RMB2,026 million, representing a decrease of 12.6% when compared with RMB2,318 million in 2018, which was mainly attributable to the significant decline in the sales of projects with higher commissions.

Administrative Expenses

During the year, administrative expenses of the Group was to RMB3,999 million, representing an increase of 37.4% when compared with RMB2,910 million in 2018. The increase was mainly due to the increase of research and development expenses and increase of employees resulting from business expansion of the Group.

Other Expenses

During the year, other expenses of the Group was RMB228 million, representing a decrease of 11.2% when compared with RMB257 million in 2018. The decrease was mainly attributable to the decrease of compensation expenses and charitable donation. Meanwhile, charitable donation of the Group was RMB116 million in 2019 (2018: RMB 121 million).

Finance Costs, Net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB2,530 million, representing a decrease of 7.8% when compared with RMB2,744 million in 2018. The decrease was mainly due to non-capitalised exchange losses from foreign currency denominated borrowings decreased by RMB698 million and changes in fair value of derivative financial instruments increased by RMB298 million, and offset the increase of RMB782 million in non-capitalised interest expenses. The increase in interest expenses was mainly attributable to higher average balance of borrowings in 2019.

Share of Post-tax Profits of Investments Accounted for Using the Equity Method

During the year, the share of post-tax profits of investments accounted for using the equity method comprises share of post-tax profits of joint ventures and share of post-tax losses of associates, which amounted to RMB1,086 million, representing an increase of 39.1 times when compared with RMB27 million in 2018. The increase was mainly attributable to an increase in the share of post-tax profits of joint ventures to RMB1,103 million, net of share of post-tax losses of associates.

Profit Attributable to Shareholders

During the year, profit attributable to shareholders of the Group was RMB7,512 million, representing an increase of 5.4% when compared with RMB7,125 million in 2018.

Liquidity, Financial and Capital Resources

Cash position and fund available

As at 31 December 2019, the total cash and bank balances of the Group were RMB42,555 million (31 December 2018: RMB45,062 million), of which RMB33,551 million (31 December 2018: RMB35,776 million) was cash and cash equivalents and RMB9,004 million (31 December 2018: RMB9,286 million) was restricted cash.

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2019, the Group's undrawn borrowing facilities were RMB6,404 million (31 December 2018: RMB2,733 million).

Borrowings and pledged assets

As at 31 December 2019, the Group's total borrowings amounted to RMB96,670 million, of which bank borrowings and other borrowings, senior notes, PRC Corporate Bonds, CMBS and ABS amounted to RMB67,862 million, RMB15,252 million and RMB13,556 million respectively.



Agile Bay Area Villa Chongqing

Repayment schedule	As at 31 December 2019 (RMB million)	As at 31 December 2018 (RMB million)
Bank borrowings and other borrowings		
Within 1 year	31,180	30,542
Over 1 year and within 2 years	16,728	10,919
Over 2 years and within 5 years	16,272	15,743
Over 5 years	3,682	6,089
Subtotal	67,862	63,293
Senior notes		
Within 1 year	6,243	_
Over 1 year and within 2 years	4,163	6,115
Over 2 years and within 5 years	4,846	5,436
Subtotal	15,252	11,551
PRC Corporate Bonds, CMBS and ABS		
Within 1 year	4,874	4,791
Over 1 year and within 2 years	8,682	2,025
Over 2 years and within 5 years	-	6,869
Subtotal	13,556	13,685
Total	96,670	88,529

As at 31 December 2019, the Group's bank borrowings (including syndicated loans) of RMB40,348 million (31 December 2018: RMB37,704 million) and other borrowings of RMB13,582 million (31 December 2018: RMB11,495 million) were secured by its cash, land use rights, self-used properties, properties held for sale, properties under development, investment properties, the shares of subsidiaries and equity interest. The senior notes of US\$500 million at a coupon rate of 9% due 2020 issued in May 2015 (the "2015 Senior Notes"), the senior notes of US\$200 million at a coupon rate of 5.125% due 2022 issued in August 2017 (the "2017 Senior Notes"), the senior notes of US\$600 million at a coupon rate of 8.5% due 2021 issued in July 2018 (the "2018 Senior Notes I"), the senior notes of US\$400 million at a coupon rate of 9.5% due 2020 issued in November 2018 (the "2018 Senior Notes II") and the senior notes of US\$500 million at a coupon rate of 6.7% due 2022 issued in March 2019 (the "2019 Senior Notes") were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB4,394 million as at 31 December 2019 (31 December 2018: RMB4,026 million). The ABS and CMBS of RMB904 million (31 December 2018: RMB1,055 million) and RMB4,084 million (31 December 2018: RMB 4,073 million) were secured by its trade receivables and land use rights, self-used properties and investment properties.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2019, the gearing ratio was 82.8% (31 December 2018: 79.1%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank borrowings were denominated in Hong Kong dollars, United States dollars, Malaysian Ringgit and Macau Pataca, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts with certain work to mitigate certain of its foreign currency exposure in United States dollars and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimize the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2019, the Group had capped forward contracts of USD4,490 million. During the year, the Group recorded RMB200 million fair value gains (2018: RMB98 million fair value losses) in derivative financial instruments.

Cost of borrowings

In 2019, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB7,079 million, representing an increase of 40.0% when compared with RMB5,056 million in 2018. The increase was mainly attributable to higher average balance of borrowings in 2019. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 7.10% (2018: 6.49%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2019, the outstanding guarantees were RMB38,294 million (31 December 2018: RMB44,775 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2019 was RMB3,100 million (2018: RMB73 million) and RMB13,308 million (2018: RMB3,407 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB2,844 million (2018: RMB848 million). The Group's share of the guarantees amounted to RMB1,096 million (2018: RMB424 million).

Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB12,423 million (2018: RMB13,779 million). The Group's share of the guarantees amounted to RMB5,832 million (2018: RMB6,245 million).

Commitments

As at 31 December 2019, the capital commitments of the Group in connection with the property development activities were RMB16,406 million (31 December 2018: RMB29,659 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB10,020 million (31 December 2018: RMB6,311 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to RMB813 million (31 December 2018: RMB1,265 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Pursuant to the cooperative agreement dated on 11 December 2018 and the supplemental agreement dated on 27 February 2019 entered into by and among a third party acquirer (the "Acquirer I") and Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (an indirect wholly-owned subsidiary of the Company, "Huizhou Bailuhu"), it was agreed that the Acquirer I will acquire 34% equity interest of a subsidiary of Huizhou Bailuhu (the "Project Company") at a total consideration of approximate RMB1,394,400,000 and contribute to the Project Company approximate RMB581,000,000. According to the supplemental agreements, the Project Company would be jointly controlled by the Acquirer I and Huizhou Bailuhu. For details, please refer to announcement of the Company dated 11 December 2018 and 27 February 2019.

On 9 May 2019, a third-party company (the "Vendor I"), Nanjing Agile Real Estate Development Co., Ltd. (an indirect wholly owned subsidiary of the Company, "Nanjing Agile") and Wuhan Changkai Property Development Company Limited (a company established in the PRC with limited liability, "Wuhan Changkai") entered into the equity transfer agreement ("Equity Transfer Agreement") pursuant to which Nanjing Agile shall acquire 50% equity interests held by the Vendor Lin Wuhan Changkai at the total consideration of RMB3,313,601,000. Upon the completion of the Equity Transfer Agreement, Wuhan Changkai will become an indirect wholly-owned subsidiary of the Company. For details, please refer to announcement of the Company dated 19 May 2019.

On 25 September 2019, Tianjin Yachao Enterprise Management Consulting Co., Ltd. (an indirect non-wholly owned subsidiary of the Company, "Tianjin Yachao") entered into an equity transfer agreement with a third-party company (the "Vendor II") in relation to the acquisition of equity interest in CMIG PM, for a consideration of RMB1,560,000,000 to acquire 60% equity interest in CMIG PM, and acquisition of New CMIG PM (a company to be established in the PRC with limited liability as part of the Reorganisation and will be owned as to 60% by the Vendor II and 40% by the remaining shareholder) at the variable consideration, subject to the maximum amount of RMB500,000,000. On 12 December 2019, on the basis that the conditions (including the completion of the reorganisation) for the execution of the New CMIG PM Agreement have been reached, Tianjin Yachao entered into the New CMIG PM Agreement with the Vendor II for variable consideration at a maximum of RMB500,000,000, to acquire 60% equity interest in New CMIG PM, which will be funded by the Group's internal resources by instalments. Upon the completion of acquisition, CMIG PM and New CMIG PM will become a non-wholly owned subsidiary of the Group. For details, please refer to announcements of the Company dated 25 September 2019 and 12 December 2019.

Pursuant to the agreement entered into by a third party acquirer (the "Acquirer II") and Dragon Charm International Limited, Ma Lee International Holdings Limited, China Sharp Group Limited and Guangzhou Panyu Agile Realty Development Co., Ltd. (the indirect wholly-owned subsidiaries of the Company, the "Agile Subsidiaries") in December 2019, it was agreed that the Acquirer II and the Agile Subsidiaries will jointly invest and develop the cooperative land (the "Bailuhu Project") in the agreed proportion of 49% and 51%. The total consideration of RMB1,666,087,000, of which RMB733,485,000 would be paid for the acquisition of equity interests and RMB932,602,000 would be contributed to the Bailuhu Project by the Acquirer II. The Acquirer II has paid total consideration as an advanced payment in December 2019. Up to report date, the transactions has not been completed. For details, please refer to announcement of the Company dated 18 December 2019.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor were there any significant investments that are required to be disclosed or plan authorised by the Board for future material investments or capital assets.

Employees and Remuneration Policy

As at 31 December 2019, the Group had a total of 38,313 employees, among which 322 were senior management and 1,011 were middle management. By geographical locations, there were 38,160 employees in Mainland China and 153 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2019, the total remuneration costs, including directors' remuneration, were RMB4,953 million (2018: RMB3,793 million).

The Group remunerates its employees is reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

The Impact of the Outbreak of Novel Coronavirus

Shortly after we entered 2020, with the rapid outbreak of COVID-19 in various cities, has put the global economy to a major test. Under the effective control measures of Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activities and construction works in various cities, with an aim to fully support the prevention and control on the novel coronavirus pneumonia epidemic and to effectively cut off the transmission of the virus.

The outbreak has caused short-term impacts on various industries, and the sales of the property development market has also been affected by the short-term psychological impact of the public on the outbreak. Therefore, the Group foresee revenue and income will decline in the first quarter of year 2020 when compared with the corresponding period of last year. However, there are numerous local governments in China have introduced relaxation policies to the local property development market to underpin it in order to stabilise the future development of the Chinese property development market. The Group will closely monitor the development of COVID-19, and continue to assessing the impact of the epidemic on the Group's finances and operations.

Performing Corporate Social Responsibilities

The Group upholds the concept of "mutual communication for a win-win situation". Subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (the "Listing Rules") and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis. The Group makes active efforts to fulfil its corporate social responsibilities. Adhering to the brand philosophy of "Lifestyle of a Lifetime", the Group is determined to build ties and foster empathy with the communities. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of the high-quality product and service quality. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting long-term and sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

Outlook and Long-term Goal

The Group remains confident about the future development of its business segments, and firmly believes that we will succeed in combating the epidemic with our concerted efforts. As a renowned brand in China, Agile will continue to adopt the operating model of "focusing on property development, supported by a diversified range of businesses" ("1+N"). In the meantime, the Group will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.

PROPERTY DEVELOPMENT

In order to support the long-term stable growth of the property development business, the Group continues to enhance its competitiveness and maintain a strong brand recognition in the face of vigorous market competition by improving the products' planning and design and offering excellent sales and after-sales services.





- Eastern China Region
- Western China Region
- Central China Region
- Hainan Region

- Yunnan Region
- Northeast China Region
- Northern China Region
- **Hong Kong**
- Overseas



PROPERTY DEVELOPMENT



Courtyard Handan

Business Overview

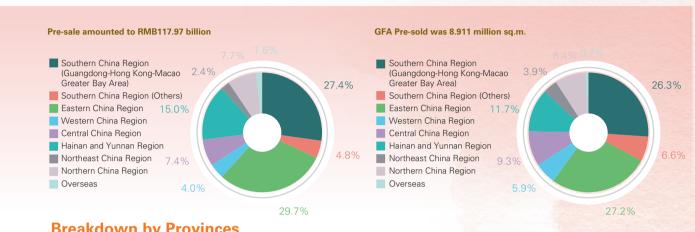
In 2019, the Group duly launched 55 new projects. The projects available for sale totalled 178. In addition, the geographic diversification strategy of the Group continued to achieve satisfactory progress. The Group maintained its leading position in Southern China Region. With active penetration in the past few years, overall good sales performance was seen in Eastern China Region, Northern China Region and Central China Region, making contributions to the pre-sale performance. Tourism property business in Hainan and Yunnan Region also maintained its leading market position.

In 2019, pre-sale from Southern China Region, Eastern China Region, Hainan and Yunnan Region, Northern China Region, Central China Region and other regions accounted for 32.2%, 29.7%, 15.0%, 7.7%, 7.4% and 8.0% respectively.

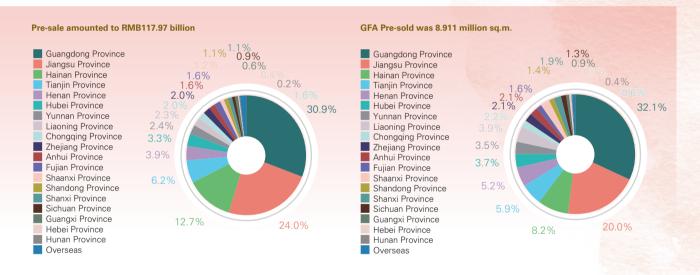


Agile Diyin Lake Town Zhongshan

Breakdown by Regions



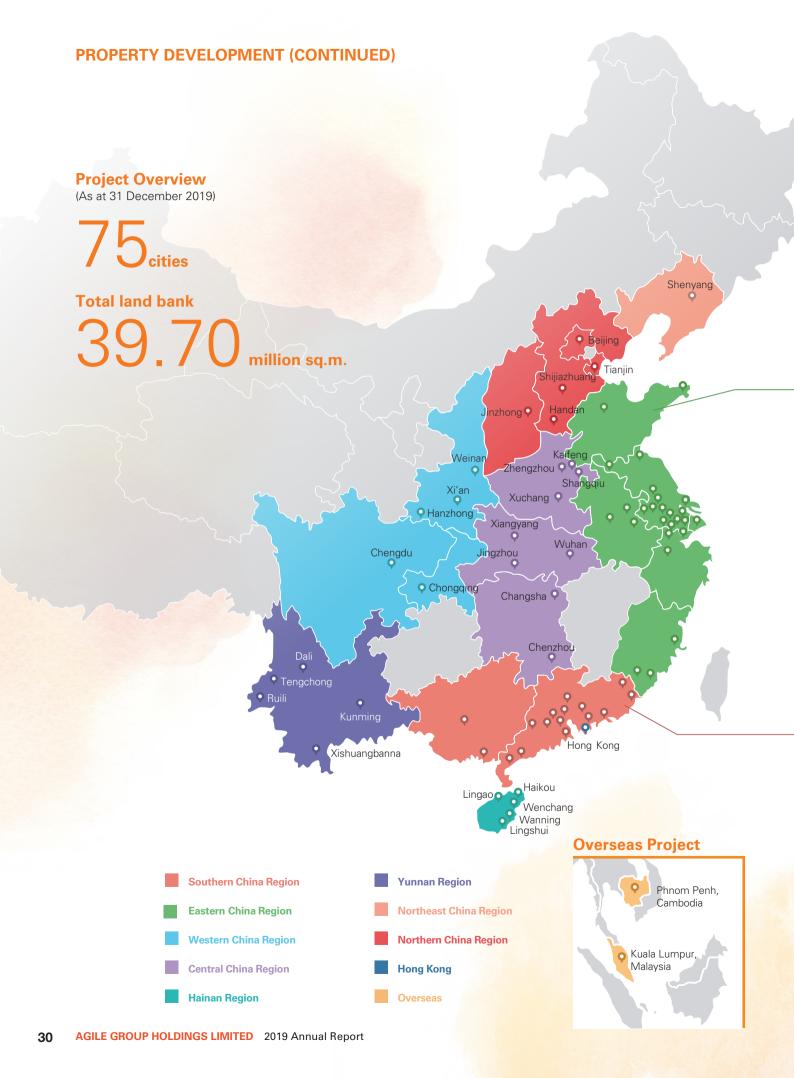
Breakdown by Provinces



In 2019, in order to further consolidate its foothold on property development business, the Group strategically obtained 42 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisition. The total planned GFA of the new land parcels was 10.90 million sq.m., with an average land cost of RMB4,334 per sq.m.. As at 31 December 2019, the Group had a land bank with total attributable planned GFA of 39.70 million sq.m. in a total of 75 cities, among which Beihai, Kunming, Kunshan, Liyang, Qingyuan, Shijiazhuang, Weinan, Xiangyang, Yixing and Phnom Penh of Cambodia were newly explored markets.



The Territory Nanjing



PROPERTY DEVELOPMENT (CONTINUED)

	Changshu	
	Changzhou	
	Chuzhou	
_	Fuzhou	
<u> </u>	Hangzhou	
<u> </u>	Hefei	
<u> </u>	Huzhou	
<u> </u>	Jiaxing	
_	Jinan	
L.	Jurong	
_	Kunshan	
<u> </u>	Lianyungang	
H	Liyang	
-	Nanjing	
_	Nantong	
H-	Shanghai	
<u> </u>	Suzhou	
_	Weihai	
<u> </u>	Wuhu	
_	Wuxi	
H	Xiamen	
H	Xuzhou	
<u> </u>	Yangzhou	
_	Yixing	
	Zhangzhou	
L	Zhenjiang	

	Beihai
\vdash	Foshan
\vdash	Guangzhou
-	Heyuan
\vdash	Huizhou
\vdash	Jiangmen
\vdash	Maoming
\vdash	Meizhou
\vdash	Nanning
\vdash	Qingyuan
	Shantou
	Shanwei
\vdash	Yunfu
	Zhanjiang
	Zhongshan
	Zhuhai

Province

		Total Planned GFA	
	No. of	of the Projects	Lank Bank
City	Projects	(sq. m.)	(sq. m.)
Anhui	4	1,178,454	542,478
Beijing	2	145,252	145,252
Chongqing	6	1,532,779	856,819
Fujian	5	1,451,255	1,332,096
Guangdong	61	33,682,374	10,656,253
Guangxi	2	930,673	395,401
Hainan	5	9,666,448	4,878,681
Hebei	2	197,036	165,843
Henan	11	2,682,253	1,590,193
Hubei	4	1,656,515	1,258,079
Hunan	4	1,624,753	587,125
Jiangsu	34	8,236,184	3,511,806
Liaoning	2	1,163,032	456,084
Shaanxi	4	2,517,811	1,755,820
Shandong	4	3,054,132	1,999,837
Shanghai	4	735,736	500,002
Shanxi	2	615,404	275,450
Sichuan	5	2,268,853	530,776
Tianjin	5	4,397,896	1,700,340
Yunnan	6	7,022,711	5,825,966
Zhejiang	4	809,251	339,624
Hong Kong	1	6,525	6,525
Overseas	4	520,874	393,842
Total	181	86,096,200	39,704,293

Region

City	No. of Projects	Total Planned GFA of the Projects (sq. m.)	Lank Bank (sq. m.)
Southern China Region	63	34,613,047	11,051,654
Eastern China Region	55	15,465,012	8,225,843
Western China Region	15	6,319,443	3,143,414
Central China Region	19	5,963,521	3,435,397
Hainan Region	5	9,666,448	4,878,681
Yunnan Region	6	7,022,711	5,825,966
Northeast China Region	2	1,163,032	456,084
Northern China Region	11	5,355,588	2,286,885
Hong Kong	1	6,525	6,525
Overseas	4	520,874	393,842
Total	181	86,096,200	39,704,293

PROPERTY DEVELOPMENT (CONTINUED)

Land Bank Table

(As at 31 December 2019)

							Land Bank (sq.m.) (Note 1)						
					Total		Development Stage (B)				Planning Nature (C)		
			Attributable to the Group	Total Site Area of the Project	Planned GFA of the Project	Total Planned GFA (A)	Completed	Under Development	Held for Future Development	Residential & Ancillary Facilities	Hotel	Commercial & Office	
No.	Project Name	City	(Note 5)	(sq.m.)	(sq.m.)	(sq.m.)	(B1)	(B2)	(B3)	(C1)	(C2)	(C3)	
Souther	n China Region		00.000/	0.040.000	4 000 000	500.005		440.074	450.004	F0F 040	40.004	00.400	
0	Guangzhou Asian Games City Project (Note 2)	Guangzhou	26.66%	2,640,000	4,380,000	596,665	1 400	443,671	152,994	565,918	10,261	20,486	
2	Agile Mountain Guangzhou	Guangzhou	100%	306,812	613,624	1,420	1,420	_		1,420	_		
3	Agile Haizhu Xiaoya Guangzhou	Guangzhou	100%	13,660	68,121	2,956	2,956		_	2,956	_		
Cuan and	Guangzhou Liwan District Project	Guangzhou	100%	21,908	91,656	91,656	4 276	91,656	152.004	91,656	10.001	20.400	
	hou Subtotal	71	1000/	2,982,380	5,153,401	692,697	4,376	535,327	152,994	661,950	10,261	20,486	
5 6	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	1,889,961	8,327	8,327	101 205	202 572	8,327	_		
7	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	3,519,253	476,950 924	72,092 924	101,285	303,573	476,950 924			
8	Grand Garden Zhongshan	Zhongshan	100%	96,374 15,968	150,357	11,109	11,109			11,109			
9	Royal Residence Zhongshan Zhongshan Minzhang Toura Project	Zhongshan	100%		16,144	95,175	11,109		0E 17E				
	Zhongshan Minzhong Town Project Aqile Cambridgeshire Zhongshan	Zhongshan Zhongshan		63,450	95,175		43,288		95,175	95,175	_		
10	Agile Royal Mount Zhongshan	Zhongshan	100%	375,357 563,253	1,444,668 1,126,505	411,945 3,388	3,388		368,657	411,945 3,388			
12	Beautiful Lake Zhongshan (Note 2)	Zhongshan	50%	111,060	66,636	261	261	_	_	261	_	_	
13	Zhongshan Kunlun Hotel Project	Zhongshan	100%	29,267	87,801	87,801	201	_	87,801		21,854	65,947	
14	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	677,782	5,374	5,374	_	- 07,001	5,374	21,004	00,047	
15	Zhongshan Haotousha Project	Zhongshan	100%	83,483	166,966	166,966	0,074	_	166,966	166,966	_		
16	Agile River Pearl Zhongshan	Zhongshan	100%	27,868	69,316	18,363	18,363	_	-	18,363	_	_	
17	Crescent Hill Center City Zhongshan (Note 2)	Zhongshan	50%	181,667	454,167	182,226	26,857	155,369	_	182,226	_	_	
18	Zhongshan Dongcheng Lufeng Project (Note 2)	Zhongshan	50%	162,795	347,086	173,543		-	173,543	173,543	_	_	
19	Mont Orchid Riverlet Zhongshan (Note 3)	Zhongshan	60%	131,863	395,588	345,588	_	345,588	170,040	345,588	_	_	
20	Agile Diyin Lake Town Zhongshan (Note 2)	Zhongshan	50%	478,955	823,803	361,793	868	18,030	342,895	361,793	_	_	
21	Weilan Siji Zhongshan (Note 2)	Zhongshan	50%	40,865	122,596	61,298	_	61,298	-	61,298	_	_	
22	Zhongshan Bosheng Project (Note 2)	Zhongshan	50%	45,016	118,564	59,282	_	59,282	_	59,282	_	_	
23	The Leading World Zhongshan (Note 2)	Zhongshan	50%	35,993	71,986	28,445	28,445		_	28,445	_	_	
24	Zhongshan Shenzhong Project (Note 2)	Zhongshan	50%	180,718	451,795	225,898	_	_	225,898	225,898	_	_	
25	Zhongshan Hehua Hotel Project (Note 2)	Zhongshan	50%	64,536	129,072	64,536	_	_	64,536	64,536	_	_	
26	Agile Starry Jade Zhongshan (Note 2)	Zhongshan	15%	47,097	117,742	17,661	_	17,661	_	17,661	_	_	
27	Agile City of Lohas Zhongshan	Zhongshan	100%	69,808	104,712	104,712	_	63,270	41,442	104,712	_	_	
28	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	1,490,400	1,490,400	_	149,809	1,340,591	1,490,400	_	_	
29	Zhongshan Ancient Town Project	Zhongshan	100%	26,799	80,398	80,398	_	_	80,398	80,398	_	_	
Zhongsl	nan Subtotal			7,287,604	14,018,473	4,482,362	219,296	971,592	3,291,474	4,394,561	21,854	65,947	
30	Agile International Garden Zhuhai	Zhuhai	100%	83,997	206,494	206,494	_	129,958	76,536	206,494	_	_	
Zhuhai S	Subtotal			83,997	206,494	206,494		129,958	76,536	206,494		_	
31	Park Irisation Jiangmen (Note 2)	Jiangmen	51%	44,033	110,083	56,142		56,142		56,142	_	_	
32	Jiangmen Xinhui District Project (Note 3)	Jiangmen	51%	29,372	63,525	63,525	_	63,525	_	63,525	_	_	
33	Agile Chairman Taishan (Note 3)	Jiangmen	50%	29,257	73,142	73,142		73,142		73,142	_	_	
34	Agile Garden Taishan	Jiangmen	100%	58,411	146,026	104,260	34,918	69,342	_	104,260	_	_	
35	Taishan Taicheng District Project	Jiangmen	100%	34,387	96,284	96,284	_	43,954	52,330	96,284	_		
Jiangme	en Subtotal			195,460	489,060	393,354	34,918	306,105	52,330	393,354	_	_	
36	Majestic Garden Nanhai	Foshan	100%	601,230	859,757	30,802	30,802	_	_	30,802	_	_	
37	Agile Personage Nanhai	Foshan	100%	44,786	143,315	611	611	_	_	611	_	_	
38	Agile Sunday Nanhai	Foshan	100%	35,337	88,342	88,342	_	88,342	_	88,342	_		
39	Agile Chairman Sanshui (Note 2)	Foshan	50%	64,599	245,190	2,771	2,771	_	_	2,771	_	_	

							Land Bank (sq.m.) (Note 1)					
			Intercete		Total		Dev	elopment Stag		•	anning Nature	C)
No.	Project Name	City	Interests Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	Planned GFA of the Project (sq.m.)	Total Planned GFA (A) (sq.m.)		Under Development	Held for Future	Residential & Ancillary Facilities	Hotel	Commercial & Office
40	Pleasure Mansion Sanshui (Note 2)	Foshan	33%	79,015	252,846	83,312		62,958	20,353	83,312	_	_
41	Qingyue Shunde (Note 2)	Foshan	40%	81,455	203,638	81,455	_	81,455	_	81,455	_	_
42	Agile Garden Shunde	Foshan	100%	212,410	488,500	1,529	1,529	_	_	_	_	1,529
43	Agile Mix City Shunde	Foshan	100%	62,515	143,126	112,793	47,499	65,294	_	112,793	_	
44	Agile Cambridgeshire Shunde (Note 2)	Foshan	50%	110,833	310,332	155,166	_	124,679	30,487	155,166	_	_
45	Emerald Park Foshan (Note 2)	Foshan	33%	81,136	243,407	80,324	_	80,324	_	80,324	_	_
Foshan	Subtotal			1,373,315	2,978,453	637,104	83,211	503,053	50,841	635,576	_	1,529
46	Agile Egret Lake Huizhou	Huizhou	100%	2,000,000	2,000,000	804,477	33,536	_	770,941	804,477	_	_
47	Agile Chairman Huizhou	Huizhou	100%	30,192	66,420	233	233	_	_	233	_	_
48(A)	Huizhou Huicheng District Project A (Note 2)	Huizhou	49%	24,792	76,855	37,659	_	37,659	_	37,659	_	_
48(B)	Huizhou Huicheng District Project B (Note 3)	Huizhou	35%	88,844	222,110	222,110	_	222,110	_	222,110	_	_
49	Agile Garden Huiyang (Note 2)	Huizhou	66%	1,248,191	2,995,658	654,422	42,667	_	611,755	654,422	_	_
50	Huizhou Light Rail Station Project (Note 3)	Huizhou	70%	55,000	196,508	196,508	_	63,921	132,587	196,508	_	_
	ı Subtotal			3,447,019	5,557,551	1,915,409	76,436	323,690	1,515,283	1,915,409	_	_
51	Agile Garden Heyuan	Heyuan	100%	1,364,741	2,729,481	6,582	6,582	_	_	6,582	_	_
52	Agile Kylin Mansion Heyuan	Heyuan	100%	113,202	283,612	283,612	606	194,063	88,943	283,612	_	_
53	Agile Chairman Shantou	Shantou	100%	78,193	351,869	351,869	_	148,065	203,804	351,869	_	_
54	Agile Costal Pearl Shanwei	Shanwei	100%	183,407	416,914	416,914	_	253,223	163,691	416,914	_	_
55	Fenghui Meizhou (Note 2)	Meizhou	50%	44,774	116,412	58,206	_	48,436	9,770	58,206	_	_
Eastern	Guangdong Subtotal			1,784,317	3,898,288	1,117,182	7,188	643,787	466,208	1,117,182	_	_
56	Agile Honorable Mansion Zhanjiang	Zhanjiang	100%	20,058	60,027	60,027	_	60,027	_	60,027	_	_
57	Agile City Pearl Maoming	Maoming	100%	21,463	64,390	64,390	_	64,390	_	64,390	_	_
58	Maoming Lehuo Tiandi Town Project	Maoming	100%	86,400	207,255	207,255	_	_	207,255	166,300	_	40,955
59(A)	Ellite Residence Yunfu Project A (Note 2)	Yunfu	50%	112,669	338,006	169,003	_	169,003	_	169,003	_	_
59(B)	Ellite Residence Yunfu Project B (Note 3)	Yunfu	50%	44,069	132,222	132,222	_	132,222	_	132,222	_	_
Westerr	n Guangdong Subtotal			284,658	801,899	632,897	_	425,642	207,255	591,942	_	40,955
60	City of Lohas Qingyuan (Formerly known as Qingyuan Dongcheng Avenue Project) (Note 3)	Qingyuan	50%	53,331	111,995	111,995	_	104,710	7,285	111,995	_	_
61	Agile County Qingyuan (Note 3)	Qingyuan	40%	166,700	466,760	466,760	_	118,793	347,967	466,760	_	_
Norther	n Guangdong Subtotal			220,031	578,755	578,755	_	223,503	355,252	578,755	_	_
62	Agile International Financial Center Nanning (Note 2)	Nanning	50%	78,721	432,860	96,713	68,008	_	28,706	8,353	28,706	59,655
63	Agile Golden Bay Beihai (Note 2)	Beihai	60%	274,434	497,813	298,688	_	112,161	186,527	298,688	_	_
Guangx	i Subtotal			353,155	930,673	395,401	68,008	112,161	215,232	307,041	28,706	59,655
Souther	rn China Region Subtotal			18,011,936	34,613,047	11,051,654	493,433	4,174,817	6,383,404	10,802,262	60,820	188,572
Eastern	China Region		1	1				T.				
64	Agile Chang Le Du Nanjing	Nanjing	100%	59,900	59,600	5,139	5,139	_	_	5,139	_	
65	The Territory Nanjing	Nanjing	100%	316,697	910,561	3,117	3,117	_	_	3,117	_	_
66	Agile Chairman Nanjing	Nanjing	100%	31,159	74,394	74,394		74,394	_	74,394	_	
67	Agile Garden Gaochun	Nanjing	100%	222,641	512,074	28,557	28,557	_	_	28,557	_	_
68	Nanjing Pukou District Project (Note 2)	Nanjing	65%	233,257	702,104	456,367		_	456,367	456,367	_	
69	Nanjing Jiangning District Project (Note 3)	Nanjing	51%	63,132	155,936	155,936	_	_	155,936	155,936	_	_
70	Agile International Yangzhou	Yangzhou	100%	110,597	436,858	274,139		139,719	134,420	144,392	43,194	86,553
71	Agile Orchid Mansion Yangzhou	Yangzhou	100%	83,312	96,559	8,437	8,437	_	_	8,437	_	_
72	Agile Mountain Yangzhou	Yangzhou	100%	148,142	235,600	141,138	6,619	134,519	_	141,138	_	_
73	Yangzhou International Waterfront New Town Project	Yangzhou	100%	306,886	508,218	508,218	_	111,931	396,287	498,420	_	9,798

PROPERTY DEVELOPMENT (CONTINUED)

									q.m.) (Note 1)			
No.	Project Name	City	Interests Attributable to the Group (Note 5)	Area of	Total Planned GFA of the Project (sq.m.)		Development Stage (B) Planning Nature (C)					C)
						Total Planned GFA (A) (sq.m.)		Under Development	Held for Future	Residential & Ancillary Facilities	Hotel	Commercial & Office
74	Agile Silva Town Chuzhou	Chuzhou	100%	270,907	677,266	206,486	429	_	206,057	206,486	_	_
75	Agile Hillgrove Zhenjiang	Zhenjiang	100%	113,117	226,200	13,348	13,348	_	_	13,348	_	_
76	Agile Luxuriant Palace Zhenjiang	Zhenjiang	100%	75,795	128,860	69,133	28,415	40,718	_	69,133	_	_
77	Agile Garden Jurong	Jurong	100%	34,906	69,812	1,048	1,048	_	_	1,048	_	_
78	Agile Landscape House Xuzhou (Note 2)	Xuzhou	34%	147,531	177,037	3,570	_	3,570	_	3,570	_	_
79	Agile Fuchun Mountain Xuzhou (Formerly known as Xuzhou Yunlong District Project) (Note 2)	Xuzhou	50%	132,397	172,115	86,058	_	86,058	_	86,058	_	_
80	Phoenix Orientalism Lianyungang (Note 2)	Lianyungang	33%	56,593	113,185	37,351		37,351	_	37,351	_	
81	Landscape Hefei (Note 2)	Hefei	49%	92,216	174,164	85,340	_	37,527	47,813	85,340	_	_
82	Agile County Hefei (Formerly known as Hefei Xinzhan District Project)	Hefei	100%	75,608	136,094	136,094	_	86,112	49,982	136,094	_	_
83	Agile New Joy Mansion Wuhu (Note 2)	Wuhu	60%	124,059	190,930	114,558	_	114,558	_	114,558	_	_
84	Agile Future Star Shanghai	Shanghai	100%	94,193	148,025	183	183	_		183		
85(A)	Shanghai Pudong New District Project A	Shanghai	100%	542,952	290,687	290,687	_	_	290,687	290,687	_	_
85(B)	Shanghai Pudong New District Project B (Note 2)	Shanghai	40%	1,190,661	146,487	58,595	_	_	58,595	58,595	_	_
86	Agile Central Park Jiaxing (Note 2)	Jiaxing	50.022%	54,567	120,048	60,050	_	60,050	_	60,050	_	_
87	Agile Riverside Metropolis Huzhou	Huzhou	100%	64,220	134,862	134,862		134,862	_	134,862	_	
88	Huzhou Fenghuang District East Project (Note 3)	Huzhou	50%	65,257	130,514	130,514	_	130,514	_	130,514	_	_
89	Huzhou High Technology Town Project	Huzhou	100%	74,689	89,288	89,288		89,288	_	_	_	89,288
90	Agile Pleasure Mansion Changzhou	Changzhou	100%	45,390	54,468	172	172	_	_	172	-	_
91	Agile Honour & Glory Changzhou	Changzhou	100%	194,968	286,608	22,454	22,454	_	_	22,454	_	
92	Agile Dream Lake Fairy Hill Changzhou Project A	Changzhou	100%	614,915	297,309	215,314	33,325	78,882	103,107	215,314	_	_
93	Agile Dream Lake Fairy Hill Changzhou Project B (Note 3)	Changzhou	95%	352,357	134,212	133,616	_	21,836	111,780	133,616	_	_
94	Agile Tangsong Changzhou (Note 2)	Changzhou	51%	129,136	282,740	146,650	_	108,518	38,132	146,650	_	_
95(A)	Chengshi Wanxiang Changzhou (Note 2)	Changzhou	49%	108,618	217,236	106,446		106,446	_	106,446	_	_
95(B)	Guoshijiuli Changzhou (Note 3)	Changzhou	50%	60,856	121,712	107,709	_	107,709	_	107,709	_	_
96	Changzhou Xixiashu Pure Industry Project	Changzhou	100%	47,566	61,249	61,249		61,249		_	_	61,249
97	Yixing Guanlin Industry Project	Yixing	100%	121,827	133,000	133,000	_	133,000	_	_	_	133,000
98	Puyang Industry Project	Puyang	100%	44,682	51,200	51,200		51,200	_	_	_	51,200
99	Agile City Center Villa Wuxi	Wuxi	100%	214,664	590,325	245,545	2,334	174,115	69,096	2,334	_	243,211
100	Implicit Talent Wuxi (Note 2)	Wuxi	50%	21,590	43,180	21,590	_	21,590	_	21,590	_	
101	Agile Garden Nantong	Nantong	100%	187,437	510,000	129	129	_	_	129	_	_
102	Mount Lake Oriental Landscape Nantong (Note 2)	Nantong	33.4%	83,920	134,272	33,003	8,880	24,123	_	33,003	_	_
103	Agile Metropolis Nantong (Note 2)	Nantong	40%	141,257	296,640	118,656	_	118,656	_	110,656	_	8,000
104	Agile Central Mansion Nantong	Nantong	100%	20,768	41,494	41,494		41,494	_	41,494	_	_
105	Agile International Garden Hangzhou	Hangzhou	100%	132,446	423,827	14,198	14,198	_	_	14,198	_	_
106	Agile Luxuriant Palace Suzhou	Suzhou	100%	81,202	162,404	94,344	34,763	59,581	_	94,344	_	
107	Agile Mountain Mansion Changshu	Changshu	100%	45,420	59,046	988	988	_	_	988	_	_
108	Agile Lake Mansion Changshu (Formerly known as Changshu Gaoxin District Project) (Note 2)	Changshu	49%	51,039	132,701	65,024	_	65,024	_	65,024	_	_
109	Kunshan Dianshan Lake Town Project	Kunshan	100%	60,291	108,523	108,523	_	55,086	53,437	108,523	_	_
110	Long Beach Fuzhou (Note 2)	Fuzhou	49%	70,618	197,730	96,888	_	96,888		96,888		
111	Agile Mountains & Aqua Fuzhou	Fuzhou	100%	39,096	64,392	64,392	8,137	56,254	_	64,392	_	_
112	Agile Chairman Xiamen (Formerly known as Agile Chairman Xiamen Project A)	Xiamen	100%	12,206	29,296	10,979	10,979	_	_	10,979	_	_

PROPERTY DEVELOPMENT (CONTINUED)

							Land Bank (sq.m.) (Note 1)						
			Interests		Total Planned	Total Development Stage (B)			Pl	anning Nature	0)		
No.	Project Name	City	Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)		Total Planned GFA (A) (sq.m.)	Completed (B1)	Under Development	Future	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
113	Jinyu Tixiang Xiamen (Formerly known as Agile Chairman Xiamen Project B) (Note 3)	Xiamen	51%	7,964	19,112	19,112	_	19,112	_	19,112	_	_	
114	Agile Xiangshan in the Bay Zhangzhou (Note 3)	Zhangzhou	51%	353,391	1,140,725	1,140,725		228,264	912,461	1,140,725	_		
115	Agile Champion Town Weihai (Note 2)	Weihai	64.8%	2,311,087	2,627,812	1,702,822	_	200,198	1,502,624	1,534,831	19,443	148,549	
116	Jing Yuan Jinan (Note 2)	Jinan	50%	70,754	207,463	103,732		103,732	_	101,008	_	2,724	
117	Jiangshan The One Jinan (Formerly known as Jinan Zhangqiu District Project) (Note 2)	Jinan	33%	23,856	38,170	12,596	-	12,596	_	12,596	_	_	
118	Agile City of Lohas Jinan	Jinan	100%	69,495	180,687	180,687	_	180,687	_	180,687	_	_	
Eastern	China Region Subtotal			10,504,206	15,465,012	8,225,843	231,652	3,407,412	4,586,780	7,329,635	62,637	833,572	
Wester	n China Region	_											
119	Agile Garden Chengdu	Chengdu	100%	1,338,960	1,606,752	19,599	19,599	_	_	19,599	_	_	
120	Agile Born to Shine Chengdu (Note 2)	Chengdu	49%	56,005	112,011	54,885	_	54,885	_	54,885	_	_	
121	Flowers Island Chengdu (Note 2)	Chengdu	33%	69,999	139,999	46,200		14,231	31,968	43,428	_	2,772	
122	Agile City of Lohas Chengdu	Chengdu	100%	66,009	165,023	165,023	_	165,023	_	165,023	_	_	
123	Agile Boguang Yafu Chengdu (Formerly known as Chengdu Wenjiang District Project)	Chengdu	100%	105,832	245,068	245,068	_	99,932	145,136	245,068	_	_	
124	Agile Life Diary Xi'an	Xi'an	100%	277,519	695,070	133,212	184	35,584	97,444	18,628	_	114,584	
125	Agile City of Lohas Xi'an (Note 3)	Xi'an	51%	59,434	168,748	841	841	_	_	841	_		
126	Agile Garden Hanzhong	Hanzhong	100%	442,647	1,549,263	1,517,037	15,290	356,605	1,145,142	1,517,037	_	_	
127	Agile Hanlin Yayuan Weinan	Weinan	100%	43,637	104,730	104,730		_	104,730	104,730	_		
128	Agile Chairman Chongqing	Chongqing	100%	119,287	348,172	3,750	3,750	_	_	3,750	_	_	
129	Agile Mountain Chongqing	Chongqing	100%	203,112	362,486	285,207	7,983	198,117	79,107	285,207	_		
130	Lumingfu Chongqing (Note 2)	Chongqing	33%	157,427	366,953	121,094	12,449	108,645	_	121,094	_		
131	Agile Bay Area Villa Chongqing	Chongqing	100%	138,394	187,009	178,609	41,756	56,409	80,444	178,609	_		
132	Agile Jiulong County Chongqing (Formerly known as Chongqing Jiulongpo District Project)	Chongqing	100%	50,035	100,070	100,070	_	100,070	_	100,070	_	_	
133	Agile Star County Chongqing (Formerly known as Chongqing Beipei District Project)	Chongqing	100%	112,059	168,089	168,089	_	81,189	86,900	168,089	_	_	
Wester	n China Region Subtotal			3,240,357	6,319,443	3,143,414	101,852	1,270,691	1,770,871	3,026,058	_	117,356	
Central	China Region		1					T	1				
134	Bund Mansion Changsha (Note 2)	Changsha	50%	197,406	670,237	156,215	11,675	_	144,540	7,245	_	148,970	
135	Agile Evian Town Changsha	Changsha	100%	410,911	739,641	288,673	73,589	153,311	61,773	288,673	_	_	
136	Agile Sunday Changsha (Formerly known as Changsha Yuanda Road 2 Project)	Changsha	100%	15,853	69,596	69,596	_	69,596	_	69,596	_	_	
137	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	195,821	1,019	1,019	_	_	1,019	_	_	
138	Agile Chairman Zhengzhou	Zhengzhou	100%	49,485	74,227	38,891	14,456	24,435	_	38,891	_		
139	Agile Celestial Mansion Zhengzhou	Zhengzhou	100%	52,189	156,566	148,717	55,689	93,028	_	148,717	_		
140	Zhenzhou Zhengshang New District Project (Note 2)	Zhengzhou	33%	46,691	116,726	38,520	_	_	38,520	38,520	_	_	
141	Agile Romantic Town Gongyi (Note 3)	Zhengzhou	72%	420,723	656,582	656,582	_	229,394	427,188	575,659	_	80,923	
142	Grand View Kaifeng (Note 2)	Kaifeng	51%	59,545	148,863	75,920	_	75,920	_	75,920	_		
143	Guokong Kaifeng (Formerly known as Kaifeng Longting District Project) (<i>Note 2</i>)	Kaifeng	20.4%	264,008	660,019	134,644	_	43,535	91,109	134,644	_	_	
144	Agile International Garden Xuchang	Xuchang	100%	93,186	279,558	193,348	43,617	97,593	52,138	193,348	_		
145	Agile County of Earl Xuchang	Xuchang	100%	31,083	56,977	56,977	10,352	46,625	_	56,977	_	_	
146	Lantai Mansion Shangqiu (Note 2)	Shangqiu	49%	59,698	179,093	87,756		42,008	45,748	87,756	_		
147	Agile International Garden Shangqiu	Shangqiu	100%	52,607	157,820	157,820	_	157,820	_	157,820	_	_	

PROPERTY DEVELOPMENT (CONTINUED)

							Land Bank (sq.m.) (Note 1)						
			Interests		Total Planned		Dev	velopment Stag	e (B)	Pl	anning Nature /	(C)	
No.	Project Name	City	Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	GFA of the Project (sq.m.)	Total Planned GFA (A) (sq.m.)	Completed (B1)	Under Development	Held for Future Development (B3)	Residential & Ancillary Facilities	Hotel (C2)	Commercial & Office (C3)	
148	Agile Nanlu Mountain Chenzhou (Formerly known as Chenzhou Project) (Note 2)	Chenzhou	50%	121,066	145,279	72,640	_	72,640	_	72,640	_	_	
149	Agile International Garden Wuhan	Wuhan	100%	406,583	790,694	532,770	11,633	382,625	138,512	532,770	_	_	
150	Agile Yunzhu Wuhan (Note 2)	Wuhan	49%	119,789	275,514	135,002		135,002	_	135,002	_	_	
151	Agile City of Lohas Jingzhou	Jingzhou	100%	42,113	147,395	147,395	_	147,395	_	147,395	_	_	
152	Agile Modern Mansion Xiangyang (Formerly known as Xiangyang Technology & Innovation Town Project)	Xiangyang	100%	213,809	442,912	442,912	_	280,684	162,228	340,906	_	102,006	
Central	China Region Subtotal			2,735,071	5,963,521	3,435,397	222,030	2,051,612	1,161,755	3,103,498	_	331,899	
Hainan	Region												
153	Hainan Clearwater Bay	Lingshui	100%	10,698,576	8,402,563	3,914,923	521,350	2,198,179	1,195,394	3,165,962	528,384	220,577	
154	Agile Starlight City Hainan	Wenchang	100%	110,098	330,294	311,948	_	147,167	164,781	311,948	_	_	
155	Agile Golden Bay Hainan (Note 2)	Haikou	60%	376,502	704,451	422,671	_	290,743	131,927	411,151	11,520	_	
156	Wanning Shanqin Bay Project	Wanning	100%	233,325	184,658	184,658	_	70,000	114,658	134,658	50,000	_	
157	Lingao Nanbao Town Project	Lingao	100%	88,963	44,482	44,482	_	44,482	_	_	44,482		
Hainan	Region Subtotal			11,507,464	9,666,448	4,878,681	521,350	2,750,571	1,606,760	4,023,719	634,386	220,577	
Yunnan		ı	l e										
158	Agile International Garden Ruili	Ruili	100%	413,273	969,371	577,963	58,874	90,512	428,577	517,977	59,986	_	
159	Agile Eden Yunnan	Tengchong	100%	2,423,266	4,004,836		154,672	361,844	2,959,602	3,176,206	299,912	_	
160(A)	Agile Erhai Dali (Formerly known as Dali Manjiang Area District Project A) (Note 3)	Dali	50%	30,893	114,305	114,305	_	33,052	81,253	114,305	_	_	
160(B)	Erhai Dali (Formerly known as Dali Manjiang Area District Project B) (Note 2)	Dali	50%	31,320	125,280	62,640	_	19,322	43,318	62,640	-	_	
161	Agile Quenya Yunnan	Xishuangbanna	100%	1,071,600	1,285,920	1,071,941	211	420,050	651,680	1,071,941	_		
162	Jinlin Fenghui Kunming (Formerly known as Kunming Panlong District Project) (Note 3)	Kunming	50%	81,914	262,126	262,126	_	33,441	228,684	262,126	_	_	
163	Kunming Xishan District Project	Kunming	100%	64,076	260,873	260,873	_	54,616	206,257	260,873	_		
Yunnan	Region Subtotal			4,116,342	7,022,711	5,825,966	213,757	1,012,837	4,599,372	5,466,068	359,898	_	
	ast China Region	T	l l			<u> </u>							
164	Agile Garden Shenyang	Shenyang	100%	536,848	1,110,834	429,985	3,817	426,167	_	429,985	_	_	
165	Agile Shine Song Shenyang (Formerly known as Shenyang Development District) (Note 2)	Shenyang	50%	30,705	52,198	26,099	_	26,099	_	26,099	_		
	ast China Region Subtotal			567,553	1,163,032	456,084	3,817	452,266	_	456,084	_	_	
	n China Region	l l											
166	Tianjin Jinnan New City (Note 2)	Tianjin	25%	1,289,227	3,010,901	313,345	_	313,345	_	214,345	9,000	90,000	
167 168	Agile Chairman Tianjin Agile Tianfu Tianjin (Formerly known as Tianjin Lingui District Project) Wate (1)	Tianjin Tianjin	100% 48%	85,689 436,800	128,532 524,160	128,532 524,160		128,532 128,612	395,548	128,532 524,160		<u> </u>	
169(A)	Hangu District Project) (Note 3) Tianjin Haijiao Garden Project A (Note 3)	Tianjin	50%	230,355	327,276	327,276	_	71,211	256,065	327,276	_	_	
169(B)	Tianjin Haijiao Garden Project B	Tianjin	100%	45,709	77,704	77,704	_	77,704	230,003	77,704	_	_	
170	Agile Baodi Jinqiao International Town Tianjin (Note 3)	Tianjin	96%	231,099	329,323	329,323	_	234,764	94,559	229,104	20,000	80,219	
171(A)	Agile Chairman Handan (Note 3)	Handan	90%	18,240	36,480	36,480	_	36,480	_	36,480	_	_	
171(B)	Courtyard Handan (Note 2)	Handan	49%	30,581	61,162	29,969	_	29,969	_	29,969	_	_	
172	Agile Lohas Life Jinzhong (Note 2)	Jinzhong	33%	46,603	163,112	53,827	_	53,827	_	53,827	_	_	
173	Yourgend Peninsula Jinzhong (Formerly known as Jinzhong Yuci District Project) (Note 2)	Jinzhong	49%	145,037	452,292	221,623	_	132,011	89,612	221,623	_	_	
174	Beijing Yanqing District Project (Note 3)	Beijing	51%	198,254	65,000	65,000		65,000		55,486	9,514		
175	Agile Jinghua Ya Jun Beijing (Formerly known as Beijing Hexi District Project)	Beijing	100%	36,478	80,252	80,252	_	80,252	_	80,252	-	_	

PROPERTY DEVELOPMENT (CONTINUED)

							Land Bank (sq.m.) (Note 1)						
			Interests		Total Planned		Dev	elopment Stag	e (B)	Pl	anning Nature	C)	
No.	Project Name	City	Attributable to the	Total Site Area of the Project (sq.m.)	GFA of the Project (sq.m.)	Total Planned GFA (A) (sq.m.)	Completed (B1)	Under Development	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
176	Agile Chairman Shijiazhuang (Formerly known as Shijiazhuang Zhengding New District Project)	Shijiazhuang	100%	49,697	99,394	99,394	_	87,667	11,727	99,394	_	_	
Norther	n China Region Subtotal			2,843,769	5,355,588	2,286,885	_	1,439,374	847,511	2,078,152	38,514	170,219	
Hong Ko	ong												
177(A)	Hong Kong King's Road & Mount Parker Road Project A (Formerly known as Hong Kong King's Road Project)	Hong Kong	100%	929	1,887	1,887	_	_	1,887	1,887	_		
177(B)	Hong Kong King's Road & Mount Parker Road Project B (Formerly known as Hong Kong King's Road Project)	Hong Kong	100%	1,067	2,479	2,479	_	_	2,479	2,479	_	_	
177(C)	Hong Kong King's Road & Mount Parker Road Project C (Formerly known as Hong Kong King's Road Project) (Note 3)	Hong Kong	90%	929	2,159	2,159	_	_	2,159	2,159	_		
Hong Ko	ong Subtotal			2,925	6,525	6,525			6,525	6,525		_	
Oversea	s												
178	Agile Mont Kiara Kuala Lumpur (Note 3)	Kuala Lumpur	70%	41,130	167,100	40,068	40,068	_	_	40,068	_	_	
179	Agile Bukit Bintang Kuala Lumpur (Note 3)	Kuala Lumpur	70%	15,174	191,234	191,234	_	176,580	14,654	191,234	_	_	
180	Agile Embassy Garden Kuala Lumpur	Kuala Lumpur	100%	12,464	111,900	111,900	_	82,150	29,750	111,900	_		
181 Agile Sky Residence Phnom Penh (Note 3)		Phnom Penh	49%	4,220	50,640	50,640	_	50,640	_	50,640	-	_	
Oversea	s Subtotal			72,988	520,874	393,842	40,068	309,370	44,404	393,842	_	_	
Grand T	otal (Note 4)			53,602,611	86,096,200	39,704,293	1,827,959	16,868,950	21,007,383	36,620,843	1,156,255	1,862,194	

Notes:

- 1. Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2019. Data are derived from the Group's internal record.
- 2. These are joint venture projects of the Group that the total site area and total planned GFA are the total area of the overall projects; while the area set out in the column of land bank is the area proportional to the respective equity interests held by the Group.
- 3. These projects are held by the subsidiaries of the Group, their total site area, total planned GFA of the projects and land bank are shown in 100%.
- 4. In addition to the above information, the Group has 2 planned projects in Hong Kong, including holding: (a) 70% equity interest in lands (including agricultural land and others) with total site area of approximately 1.29 million sq. feet in the new territories and is intended to submit its application for amendment of plan to the relevant government department; and (b) 51% equity interest in lands with total site area of approximately 49,000 sq. feet in Kowloon.
- 5. The Group's equity interests in the projects listed in the Land Bank Table may change as a result of introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings listed in the Land Bank Table are for reference only.

DIVERSIFIED BUSINESSES

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. All business segments also fully capitalise on synergies to lay a solid foundation for the future development of the Group.





A-LIVING



A-Living devoted itself to improving its "quality, scale and efficiency". Based on its advantage in providing management services to residential properties, A-Living expanded horizontally into a property management platform with diversified business portfolio through quality mergers and acquisitions as well as expansion into projects from third-party developers, and sustained rapid growth in the scale of properties under management. At the same time, A-Living explored vertically the needs of property owners to scale up community value-added services by making full use of its own advantages.

During the year, the revenue of A-Living was RMB5,127 million, representing an increase of 51.8% when compared with last year. Gross profit was RMB1,883 million, representing an increase of 46.0% when compared with last year.

Multi-brand Development Strategy

With support from the shareholders, A-Living implemented a multi-brand development strategy, among which it continued to stably undertake the gross floor

area respectively from the Group and Greenland Holdings. A-Living also put great efforts in exploring the markets of third-party developers, while expanding its scale rapidly and consolidating its market leading position through investment, mergers and acquisitions and participating in mixed-ownership reform of state-owned enterprises.

As at 31 December 2019, the GFA under management and contracted GFA of A-Living were 234.0 million sq.m. and 356.2 million sq.m. respectively, of which the contracted GFA from the Group and Greenland Holdings amounted to 77.1 million sq.m. and 40.1 million sq.m. respectively, representing an increase of 9.5% and 81.9% respectively when compared with that of 31 December 2018. The contracted GFA from two shareholders accounted for 32.9% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from mergers and acquisitions) amounted to 239.1 million sq.m., representing an increase of 74.0% when compared with that of 31 December 2018 and accounting for 67.1% of the total contracted GFA.

Substantial Acquisition

In September 2019, A-Living announced the acquisition of 60% equity interest in CMIG Futurelife Property Management Limited ("CMIG PM") and Minrui Property Management (Shanghai) Co., Ltd. ("New CMIG PM"), marking the largest mergers and acquisitions in the industry. Upon completion of the acquisition, the GFA under management of A-Living will exceed 500 million sg.m.. Its profitability and brand strength will greatly improve while its market share in economically vibrant regions such as Shanghai, Chongging, Jiangsu and Shandong will rapidly increase. By this acquisition, A-Living will also be able to strengthen its presence in the segments of public buildings, commercial and office buildings and enter into other niche markets with high entry barriers to manage numerous city landmark projects, which will greatly enhance A-Living's ability to establish itself as a nationwide property management platform with a diversified business portfolio and multiple prominent brands.

Expansion into Third-party Developers' Projects

In addition, with a focus on economically developed and promising regions, A-Living developed a diversified business portfolio and expanded its business in various types of buildings. Meanwhile, given its outstanding brand strength and service quality, A-Living enjoyed premium pricing for its services during the year.

Professional Community Commercial Services

Through professional operation of the community commercial services segment and adopting a flexible business model, coupled with reasonable incentive mechanism, A-Living has developed a community economic ecosphere centered on the residents, houses, vehicles and public resources in the communities. During the year, through organising and sorting out community resources and introducing high quality suppliers, the utilisation rate of community resources was significantly improved. A foundation was laid for the further development of community value-added services following progressive integration of the resources from

acquired enterprises. Meanwhile, considering the property owners' needs and pursuit of a better life, A-Living innovated small-scaled yet dedicated value-added services and products, and built Lexianghui as a 360-degree community value-added service system, which comprises a total of 12 service and product lines.

Awards and Recognition

During the year, with its leading scale and brand strength, A-Living ranked 7th in the "2019 Top 100 Property Management Companies in China" by China Index Academy. A-Living has also been included in the Hang Seng Composite Index, eligible stocks for Shenzhen – Hong Kong Stock Connect and MSCI China Index and has won a number of authoritative awards dedicated to listed companies attributable to its comprehensive and transparent communications as well as outstanding performance in the capital market.

Outlook

By focusing on "talent+mechanism+innovation", A-Living will strive to serve the "property owners+employees+ shareholders" with "quality+scale+efficiency" and create greater value for all shareholders and the society.



ENVIRONMENTAL PROTECTION



The environmental protection business is engaged in providing comprehensive services in three major areas, namely hazardous waste treatment, water treatment and common solid waste treatment.

During the year, the environmental protection business recorded rapid and steady growth. The revenue of the environmental protection business reached RMB1,510 million, representing an increase of 146.1% when compared with last year.

As at 31 December 2019, the Group had 45 subsidiaries which are well known in the industry. Its projects covered four major regions in China, namely Central China, Southern China, Guangxi and Northern China.

Hazardous Waste Treatment

During the year, the environmental protection business had 32 new hazardous waste treatment projects, and has successfully expanded into the business of recycling of waste and used metals, which has a promising outlook. As at 31 December 2019, the maximum hazardous waste processing capacity of the environmental protection business exceeded 3.30 million tonnes per year. The total capacity of its landfill was over 18 million cubic metres. In terms of the planned annual processing capacity for hazardous waste treatment, the Group has established a leading position in the industry.

Water Treatment

The water treatment business of the Group includes water supply, domestic sewage treatment and industrial wastewater treatment. As at 31 December 2019, with

the daily maximum water treatment capacity of 2.20 million tonnes, the Group maintained a steady growth in processing capacity and provided services to a number of water plants and sewage treatment works.

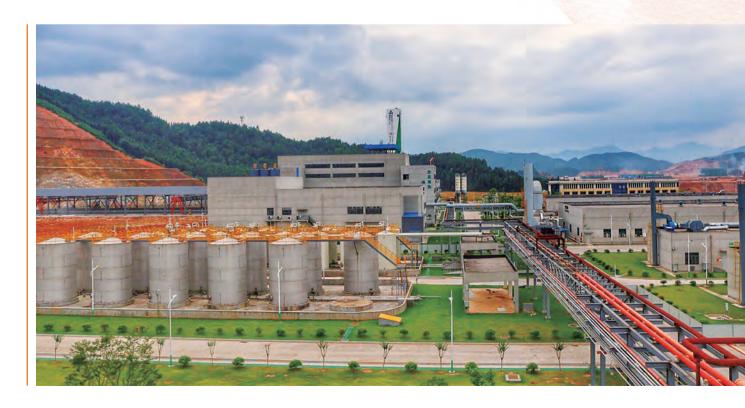
Common Solid Waste Treatment

In respect of common solid waste treatment, the Group newly established the domestic waste-to-energy business, and successfully developed 4 new projects. The daily maximum domestic waste-to-energy treatment capacity reached 4,850 tonnes. In addition, the environmental protection team has entered into strategic cooperation with a number of industry leaders and is actively expanding into businesses including food waste treatment, kitchen waste treatment and sludge treatment.

Honours and Recognition

During the year, the development potential and technology research of the environmental protection business received wide recognition from the market and the industry, including the "Advanced Unit of Management Innovation in China 2019" granted by the China Academy of Management Science and "2019 Award for Leading Enterprises in Strategic Emerging Environmental Protection Industry of China" granted by the Envirunion.





AGILE CITY



Leveraging on its profound experience in property development, the Group has established construction business. The business covers two major segments including Habitat Technology and Engineering, Procurement, Construction.

In December 2019, the construction business renamed itself "Agile City Group" and unveiled a new brand logo.

During the year, the geographic coverage of the construction business was expanded to 80 cities in 28 provinces and municipalities. The business has undertaken over 300 projects, providing construction-related services to over 50 corporate customers in the real estate industry.

Habitat Technology

The habitat technology segment covers green ecological landscape, intelligent home decor and design consulting business.

During the year, Agile City Group provided excellent quality services to over 270 governmental, developer, corporate and individual customers. It had around 20 million sq.m. of greenland under management and 5 major production bases of intelligent home decor, and provided design and decoration services to over 1 million fine-decorated apartments.

Engineering, Procurement, Construction

The Engineering, Procurement, Construction segment has Grade I Engineering Procurement Construction Qualification, Grade A Engineering Design and Grade A Construction Industry (Architectural Engineering) Qualification recognised by the Ministry of Housing and Urban-Rural Development.

The business mainly engages in housing construction and municipal projects, providing services such as design consulting, project management, engineering construction, cost consulting and materials trading. Agile City Group is committed to providing a whole industry chain platform with a one stop solution that covers design, construction, procurement as well as repairs and maintenance. Construction area of Agile City Group amounted to around 5.9 million sq.m..

Honours and Recognition

The Group was bestowed a number of awards by governments and industry associations including the national level "Award for Outstanding Contribution to Forestry and Forest Product Industry".

Outlook

The Group will further reinforce the industry position of its landscaping and home decoration businesses, and further expand the business.





REAL ESTATE CONSTRUCTION MANAGEMENT



With years of experience in property development and the brand advantages of Agile, the Group has established the real estate construction management business. Leveraging its excellent supply chain management, outstanding management capabilities and the Group's strong integrated resources, the real estate construction management team provides partners with highend technical and professional services ranging from design and application for construction, construction management, cost control, brand export to product marketing, generating revenue and profit for the Group during the year.

Currently, the real estate construction management business has 16 agent construction projects across four major regions, namely Southern China, Eastern China, Western China and Northern China regions. The value of saleable resources exceeded RMB60.0 billion.

Business Divisions

The real estate construction management business has established three major divisions, including:

Government agent construction: The real estate construction management team and the government form an agent construction cooperation or mixed ownership reform cooperation to provide real estate projects with full chain services which cover development, renewal, transformation and real estate development.

Capital agent construction: The real estate construction management team and financial institutions establish collaboration to provide liquidation and value-added services for non-performing assets. The team and real estate fund platforms also form an agent construction business partnership to provide professional real estate development business output and brand export services.

REAL ESTATE CONSTRUCTION MANAGEMENT (CONTINUED)

Commercial agent construction: The real estate construction management team and small and medium-sized real estate companies establish collaboration to provide two major services including agent construction and minority stake cooperation. The team also provides quality projects with property development full chain services and branding services.

Outlook

The real estate construction management business will fully capitalise on the brand strength of Agile to facilitate the growth of agent construction business. It will also enhance the successful rate of projects with the professional management model.





COMMERCIAL



The Group established the commercial business by integrating its existing hotels and investment properties with numbers of cultural tourism and community retail projects.

Diversified Property Portfolio

The commercial business has built a diversified portfolio of properties. The projects covered over 50 cities, with over 8 million sq.m. of total planned GFA. Projects under management exceeded 100. The commercial team provides the properties in the portfolio with professional operating and management services, creating projects with Agile characteristics.

Flagship Projects

Shopping mall: Agile Mall Huadu, Agile International Plaza Shanghai, Metropolis Plaza Xiqiao

Office building: Guangzhou Agile Center, Agile International Financial Center Nanning

Hotel: Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou, Howard Johnson Agile Plaza Chengdu, Holiday Inn Resort Hainan Clearwater Bay, Foshan Agile Hotel, Zhongshan Agile Hotel and Tengchong Agile Hotel

Community retail: Agile Neighborhood Time Mall Panyu

Outlook

The Group will further integrate its existing assets and adjust the development direction for commercial, office, hotel and self-used properties in light of the market environment, with a view to facilitating the growth of diversified businesses.





INVESTOR RELATIONS



The Group has been upholding the management concept of "mutual communication for a win-win situation". Subject to related Listing Rules and regulations, the Group keeps close dialogues with the investment community through multi-channels and maintains a high level of transparency. The Group aims to enhance investors' understanding of the Group's business by informing the market of the Group's operating results and latest development in a timely and precise manner. The Group also takes into account the valuable suggestions from investors when formulating strategies.

As at 31 December 2019, 21 investment banks and securities research companies have initiated research coverage on the securities of the Company which bestowed the Company with one of the highest research coverage in China's property sector. Currently, the Company has established contacts with over 4,000 investors and analysts.

During the year, the Group's management and investor relations team actively organised and participated in various investor relations activities and met over 1.500 investors. These activities included interim and annual results press conferences, investor briefings and nondeal roadshows conducted in countries and cities such as Hong Kong, China, Singapore, Malaysia, the United Kingdom and the United States, reverse roadshow, corporate days and investor conferences organised by various investment banks and securities research companies, company visits, site visits and so on. The management had in-depth discussion with investors on the industry trend and responded proactively to investors queries on results, development strategies and so on. Besides, the Company regularly disseminates the latest operation information through announcements, press releases and company website in a timely and proactive manner.

Month	Event	City
Jan	BNP Paribas Asia Pacific Financials & Property Conference UBS 19th Annual Greater China Conference	Hong Kong Shanghai
Mar	2018 Annual Results Non-deal Roadshow co-organised with BNP Paribas 2018 Annual Results Non-deal Roadshow co-organised with BNP Paribas 2018 Annual Results Investor Presentation and Press Conference 2018 Annual Results Non-deal Roadshow co-organised with CGS-CIMB 2018 Annual Results Non-deal Roadshow co-organised with J.P. Morgan Credit Suisse 22nd Asian Investment Conference 2018 Annual Results Non-deal Roadshow co-organised with HSBC Morgan Stanley PWM China Credit Corporate Day 2018 Annual Results Non-deal Roadshow co-organised with BNP Paribas 2018 Annual Results Non-deal Roadshow co-organised with CLSA	Amsterdam Edinburgh Hong Kong London
	2018 Annual Results Non-deal Roadshow co-organised with Standard Chartered Bank	Singapore
Apr	2018 Annual Results Non-deal Roadshow co-organised with CMB International 2018 Annual Results Non-deal Roadshow co-organised with J.P. Morgan Huatai HK Equity Property Corporate Day 2019 2018 Annual Results Non-deal Roadshow co-organised with CGS-CIMB 2018 Annual Results Non-deal Roadshow co-organised with J.P. Morgan 2018 Annual Results Non-deal Roadshow co-organised with CMB International Industrial Securities Overseas Investor Conference Spring 2019 2018 Annual Results Non-deal Roadshow co-organised with J.P. Morgan 2018 Annual Results Non-deal Roadshow co-organised with J.P. Morgan	Beijing Boston Hong Kong Kuala Lumpur New York Shanghai Shenzhen Tokyo Toronto
May	J.P. Morgan Global China Summit 2019 Macquarie Greater China Conference 2019 UBS HK/China Property Conference 2019 Reserve Roadshow for Sell-side Analysts HSBC 6th Annual China Conference	Beijing Hong Kong Nanjing Shenzhen
Jun	Deutsche Bank China Property High-yield Corporate Day CGS-CIMB HK/China Property Corporate Day Citi Asia Pacific Property Conference 2019 Citi China Corporate Day	Hong Kong Sydney
Aug	2019 Interim Results Investor Presentation and Press Conference 2019 Interim Results Non-deal Roadshow co-organised with CGS-CIMB 2019 Interim Results Non-deal Roadshow co-organised with Macquarie 2019 Interim Results Non-deal Roadshow co-organised with J.P. Morgan 2019 Interim Results Non-deal Roadshow co-organised with Standard Chartered Bank	Hong Kong Singapore
Sep	2019 Interim Results Non-deal Roadshow co-organised with CMB International 26th CLSA Investors' Forum HSBC 3rd Annual Asia Credit Conference 2019 Interim Results Non-deal Roadshow co-organised with CMB International 2019 Interim Results Non-deal Roadshow co-organised with Guotai Junan Nomura China Investor Forum 2019	Beijing Hong Kong Shanghai
Oct	J.P. Morgan Asia Credit Conference Nomura China Property Corporate Day 2019	Hong Kong
Nov	Bank of America Merrill Lynch 2019 China Conference CMB International China Property Corporate Day Citi China Investor Conference 2019 Goldman Sachs China Conference 2019 Morgan Stanley 18th Annual Asia Pacific Summit	Beijing Hong Kong Macau Shenzhen Singapore
Dec	Gelonghui Real Estate Investment Summit 2019	Shenzhen

DIRECTORS' PROFILE

Mr. CHEN Zhuo Lin (陳卓林), aged 58, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 27 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationship between the Group and the Shareholders. Mr. Chen received several honourary awards, including "World Outstanding Chinese Award (世界傑出華人獎)", "Top 30 Chinese Philanthropist in 30 Years of Reform (改革開放30年,華人 慈善30人)", "China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)", "Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)". "Year of the People in Education of Zhongshan (中山教 育年度人物)" and "Honourary Resident in Zhongshan (中 山市榮譽市民)". For the public services, Mr. Chen serves as an executive vice chairperson of China Overseas Chinese Entrepreneurs Association (中國僑商投資企業 協會), an honourary vice president of Chinese Language and Culture Education Foundation of China (中國華文教 育基金會), the chairperson of the Bureau of Friends of Hong Kong Association Development Foundation, the vice president of New Home Association, the vice chairperson of Zhongshan Overseas Chinese Commercial Association (中山市僑資企業商會), an honourary vice chairperson of Sun Yat-sen Foundation (孫中山基金會), the executive vice chairperson of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會) and an executive chairperson of the 4th Guangdong Real Estate Chamber of Commerce (廣東省地產商會). Mr. Chen is the brother of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and also the spouse of Luk Sin Fong, Fion. Mr. Chen is a director of each of Top Coast and Full Choice.

Mr. CHAN Cheuk Yin (陳卓賢), aged 52, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. He was an executive Director and Vice Chairperson of the Board and Copresident of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director and an Acting Co-chairperson of the Board and Acting Co-president of the Company from 10 October 2014 to 25 March 2015. Mr. Chan is also a director of certain subsidiaries of the Company. He has over 27 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan received several honourary awards, including "Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家)", "2006-2007 The Most Respected Entrepreneurs in Guangzhou, PRC (2006-2007年中國廣州最受尊敬企業家)" and "Top 10 Philanthropist in Guangdong (廣東十大慈善人物)". For the public services, he is an honourary chairperson of 3rd Council of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). He was also an honourary vice chairperson of China Charity Federation (中華慈善總會) in 2007 and the executive chairperson of Guangdong Real Estate Chamber of Commerce (廣東省地 產商會). Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. Mr. Chan is a director of Full Choice.

Madam LUK Sin Fong, Fion (陸倩芳), aged 58, has been the Vice Chairperson of the Board and a nonexecutive Director since 25 March 2015. She was an executive Director, Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director, an Acting Co-chairperson of the Board and an Acting Copresident of the Company from 10 October 2014 to 25 March 2015. She is also a member of the remuneration committee and the nomination committee of the Board and a director of certain subsidiaries of the Company. Madam Luk has over 27 years of extensive experience in real estate development and management; in particular she has outstanding achievement in strategic marketing and marketing management. She is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Madam Luk holds a Master's degree in Business Administration from Western Sydney University (formerly known as University of Western Sydney) in Australia. She received several honourary awards including "Honourary Resident in Foshan (佛山 市榮譽市民)", "Honourary Resident in Nanhai District (南 海區榮譽市民)", "Zhongshan Outstanding Entrepreneurs (中山優秀企業家)", "China Top 10 Excellent CBO (中國 十大卓越 CBO)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Madam Luk is currently the vice chairperson of Guangzhou Real Estate Association (廣州市房地產協會). She was also an honourary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). She is the spouse of Chen Zhuo Lin and a director of Top Coast.

Mr. CHAN Cheuk Hung (陳卓雄), aged 62, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company, Mr. Chan has over 27 years of extensive experience in real estate development and related business. He is mainly responsible for control of construction quality, progress, cost of the Group's projects and management of contractors, as well as the management of the operation of Zhongshan Fashion Decoration Co., Ltd.^ (中山市時興裝 飾有限公司) and Guangzhou Zhenzhong Construction Co., Ltd.^ (廣州振中建設有限公司). Mr. Chan received several honourary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)" and "Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)" in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地 產業協會) in 2004. Mr. Chan is an executive director and the co-chairman of the board, and a member of the risk management committee of A-Living (stock code: 3319). He was a non-executive director of A-Living from 21 July 2017 to 31 May 2018. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hei and Chan Cheuk Nam.

DIRECTORS' PROFILE (CONTINUED)

Mr. HUANG Fengchao (黃奉潮), aged 57, has been an executive Director since 28 March 2014. He is also the chairperson of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公 司) and France TOTAL (China) Ltd. (法國道達爾(中國)有 限公司). He is also an executive director, the co-chairman of the board, chief executive officer and general manager, the chairperson of the risk management committee, and a member of the remuneration and appraisal committee and nomination committee of A-Living (stock code: 3319).

Mr. CHEN Zhongqi (陳忠其), aged 52, has been an executive Director since 28 March 2014. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1993, Mr. Chen had been a project controller and chief engineer, supervisor of the Project Engineering Department, deputy manager of Project Management Department and the deputy head of Real Estate Management Centre of the Group. He is mainly responsible for the management of the project development of the Group's real estate business, including monitoring the quality, progress, technology, contracts and quantity surveying of projects. Mr. Chen received his professional qualification in Industrial and Civil Construction from Neijiang Normal University (內江 師範學院) in 1991. He is qualified as a budgeting engineer and a registered quantity surveyor.

Mr. CHAN Cheuk Hei (陳卓喜), aged 61, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 27 years of extensive experience in real estate development and related business. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Nam.

Mr. CHAN Cheuk Nam (陳卓南), aged 56, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 27 years of extensive experience in real estate development and management. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Hei.

Mr. CHENG Hon Kwan (鄭漢鈞), GBS, OBE, JP, aged 92, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the remuneration committee and a member of the audit committee and the nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong and The Open University, United Kingdom, and is an honorary fellow of Imperial College London and City and Guilds of London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and American Society of Civil Engineers, an honorary fellow of The Institution of Engineers, Australia and Hong Kong Institute of Architects and an honorary member of The Hong Kong Institute of Planners. He obtained PRC Class 1 Registered Structural Engineer qualification and is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong). Dr. Cheng is a past chairman of Hong Kong Housing Authority and Transport Advisory Committee, a past member of both Executive Council and Legislative Council and a past member of Standing Committee of the Tianjin Committee of the Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairman of Hong Kong Tianjin Friendship Association and an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882).

Mr. KWONG Che Keung, Gordon (鄺志強), aged 70, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the audit committee and a member of the remuneration committee and the nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent nonexecutive director of a number of companies, including NWS Holdings Limited (stock code: 659), Global Digital Creations Holdings Limited (stock code: 8271), China Power International Development Limited (stock code: 2380), Henderson Land Development Company Limited (stock code: 12), Henderson Investment Limited (stock code: 97), Chow Tai Fook Jewellery Group Limited (stock code: 1929), FSE Services Group Limited (stock code: 331), Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He retired as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919) in May 2017, CITIC Telecom International Holdings Limited (stock code: 1883) in June 2017 and OP Financial Limited (stock code: 1140) in August 2019. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1992 to 1997.

DIRECTORS' PROFILE (CONTINUED)

Mr. HUI Chiu Chung, Stephen (許照中), JP, aged 72, has been an independent non-executive Director since 27 June 2014. He is also the chairperson of the nomination committee, a member of the audit committee and the remuneration committee of the Board, Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 40 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He served as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of Hong Kong Stock Exchange, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC and an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Hui is a member of Henggin New Area Development Advisory Committee and a consultant of Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui is appointed by the Government of Hong Kong as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited (stock code: 1668), Gemdale Properties and Investment Corporation Limited (stock code: 535), Lifestyle International Holdings Limited (stock code: 1212), SINOPEC Engineering (Group) Co., Ltd. (stock code: 2386), Zhuhai Holdings Investment Group Limited (stock code: 908) and FSE Services Group Limited (stock code: 331).

Mr. WONG Shiu Hoi, Peter (黃紹開), aged 79, has been an independent non-executive Director since 27 June 2014. He is also a member of the audit committee, the nomination committee, the remuneration committee and the risk management committee of the Board, Mr. Wong is mainly responsible for providing independent advice to the Board. He holds a Master of Business Administration degree from the University of Macau (formerly known as the University of East Asia, Macau). Mr. Wong possesses over 40 years of experience in the financial services industry. For the public services, he was a former chairman of The Hong Kong Institute of Directors, a former member of Standing Committee on Company Law Reform, Listing Committee of Hong Kong Stock Exchange, Financial Services Advisory Committee and Professional Services Advisory Committee of the Hong Kong Trade Development Council and a former director of the Hong Kong Securities and Investment Institute. He is currently a consultant of Halcyon Holdings Limited, and an independent non-executive director of High Fashion International Limited (stock code: 608), Tianjin Development Holdings Limited (stock code: 882), Target Insurance (Holdings) Limited (stock code: 6161) and Tai Hing Group Holdings Limited (stock code: 6811).

SENIOR MANAGEMENT'S PROFILE

Mr. PAN Zhiyong (潘智勇), aged 50, is the Vice President of the Company and the chairman of the Capital Group of the Group and performs the duties of the chief financial officer in the Group. Mr. Pan joined the Group in 2017. He is mainly responsible for the management of Financial Centre and Information Centre of the Company, the affairs of Hong Kong Headquarters and Capital Group of the Group. Before joining the Group, Mr. Pan had held different positions in Agricultural Bank of China Limited ("ABC"), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC, Zhaoging branch. Mr. Pan holds a Bachelor of Economics degree in Finance from Jinan University, a Master of Business Administration degree in Business Administration and a Doctoral of Management Science degree in Management Science and Engineering from South China University of Technology. Mr. Pan also has a senior economist qualification. He was awarded the "Senior Financial Management Talent of Guangzhou (廣州 市金融高級管理人才)", "Model Worker of Zhaoqing City (肇慶市勞動模範)", "Ten Outstanding Young Persons of ABC Guangdong Branch (中國農業銀行廣東省分行十大 傑出青年)" and "China's Top 10 Financial Management Innovation Leaders in 2019 (2019中國十大財務管理創新 領軍人才)". He is the executive vice president of China Interchange Association of Top Credit Rating Property Enterprises Association (中國地產資信強企交流會), deputy secretary of Guangdong Venture Capital and Private Equity Association (廣東省創業投資協會) and executive director of China Mergers & Acquisitions Association (中國併購公 會).

Mr. WANG Haiyang (王海洋), aged 49, is the Vice President of the Company and the president of the Property Group of the Group. Mr. Wang joined the Group in July 2011. He is mainly responsible for the management of Property Group of the Group. He was the general manager of China Machinery TDI International Engineering Co., Ltd, Zhongshan branch (中機十院國際 工程有限公司中山分行). Mr. Wang holds a Bachelor's degree in Construction Engineering from Xi'an University of Technology. He obtained PRC Class 1 Registered Structural Engineer qualification. He was awarded the "The 6th Model of Honesty and Faithfulness of Hainan Province (第六屆海南省誠實守信道德模範)". He is the vice chairperson of Guangdong Province Real Estate Association (廣東省房地產協會) and executive vice chairperson of Guangdong Commercial Real Estate Investment Association (廣東省商業地產投資協會).

Madam YUE Yuan (岳元), aged 44, is the Vice President of the Company and Property Group of the Group and an assistant to Chairman. Madam Yue joined the Group in 2006. She is mainly responsible for the management of the Operation Centre and Centralized Procurement Centre of the Company, the affairs of President Office and Costing Centre and Procurement Centre of the Property Group of the Group. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors. Madam Yue is also a non-executive director of A-Living (stock code: 3319).

SENIOR MANAGEMENT'S PROFILE (CONTINUED)

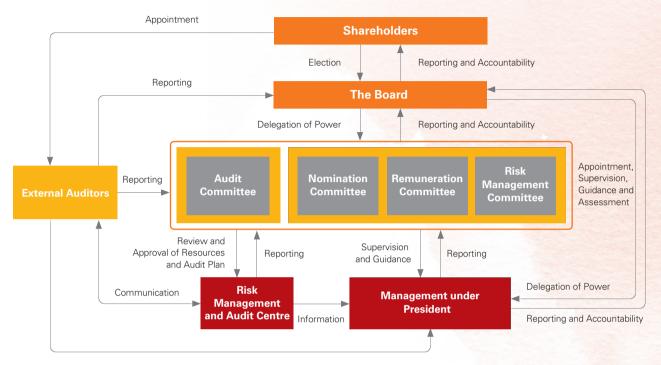
Mr. LIU Tongpeng (劉同朋), aged 49, is the Vice President of the Company and the chairman and president of the Commercial Group of the Group. Mr. Liu joined the Group in November 2018. He is mainly responsible for the management of Investment Centre of the Company and the Business Group of the Group. Prior to joining the Group, Mr. Liu held different positions in Industrial and Commercial Bank of China, including vice president and president of Zhongshan Branch and vice president of Guangdong Branch. Mr. Liu holds a Bachelor of Economics degree from Hunan Finance and Economics University. He is a senior economist.

Madam DING Xiaoying (定曉穎), aged 44, is the Vice President and general manager of Risk Management and Audit Centre of the Company. Madam Ding joined the Group in July 2015. She is mainly responsible for the management of Human Resources and Administration Centre, Legal Centre and Risk Management and Audit Centre of the Company. Madam Ding holds a Bachelor degree in Architectural Engineering and Master of Engineering degree from Wuhan University. She is also qualified as a PRC certified builder, a certified cost engineer and a senior engineer. Madam Ding is an executive director of Guangzhou Institute of Internal Audit (廣州市內部審計協會) and a director of Guangdong Enterprise Institute for Internal Controls (廣東省企業內部 控制協會).

Mr. CHEUNG Lap Kei (張立基), aged 48, is the Company Secretary of the Company and has over 25 years of experience in auditing and accounting. Mr. Cheung joined the Group in September 2019. He is mainly responsible for company secretarial, legal and compliance matters of the Group. Mr. Cheung graduated from the Australian National University with a Bachelor's degree in Commerce and Deakin University, Australia, with a Master's degree in Business Administration. He is a member of the Hong Kong Independent Non-Executive Director Association. He is also a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia respectively.

CORPORATE GOVERNANCE REPORT

Corporate Governance Structure



The Board believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as Shareholders' value. As such, with reference to the CG Code, the Board has adopted its own corporate governance policy which provides guidance on how corporate governance principles are applied in the Company, and the Board reviews corporate governance practices from time to time in light of the new regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value by way of, without limitation to, the:

- (a) formulation and review of the Company's policies and practices on corporate governance;
- (b) review and monitoring of the training and continuous professional development of Directors and senior management;
- (c) review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- (e) review and monitoring of the risk management system and internal control system of the Company to ensure their effectiveness; and
- (f) review of the Company's compliance with the CG Code and disclosure in this report.

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

- 1. reviewed the Company's policies and practices on corporate governance;
- 2. reviewed the compliance with Securities Dealing Code for Directors;
- 3. reviewed the training and continuous professional development of Directors;
- 4. reviewed the effectiveness of the risk management system and internal control system; and
- 5. reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in 2018 annual report.

The Company fully complied with the provisions of the CG Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019 except for certain deviations as specified with reasons set out under heading "Chairman and President" below.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have their clearly defined authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Board Composition

The Company is headed by the Board which comprises twelve Directors, including four executive Directors (namely Chen Zhuo Lin (Chairman and President), Chan Cheuk Hung, Huang Fengchao and Chen Zhongqi), four NEDs (namely Chan Cheuk Yin (Vice Chairperson), Luk Sin Fong, Fion (Vice Chairperson), Chan Cheuk Hei and Chan Cheuk Nam) and four INEDs (namely Cheng Hon Kwan, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter). Their biographical details and relationship amongst them, if any, are set out on pages 52 to 56 of this annual report.

Chairman and President

The Chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the Chairman, as chief executive of the Company, is delegated the authority by the Board to lead the vice presidents and the senior management for the daily operation and business management of the Group in accordance with the corporate objectives, directions, and risk management and internal control policies laid down by the Board.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

Independent Non-executive Directors

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial services, structural and civil engineering, securities and investment industries. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, INEDs in particular, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

During the year, the Company was in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with INEDs equal to one-third of the Board and with at least one of them possessing relevant professional qualifications or accounting or related financial management expertise.

Two of the INEDs, namely Cheng Hon Kwan and Kwong Che Keung, Gordon, have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

An annual confirmation of independence was received from each of the four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Appointment and Re-election of Directors

Chen Zhuo Lin and Chan Cheuk Hung, executive Directors, have entered into service agreements with the Company, while Huang Fengchao and Chen Zhongqi, executive Directors, and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board shall hold office only until the next general meeting of the Company (in case of filling a casual vacancy) or until the next annual general meeting of the Company (in case of an addition to the existing Board), and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire by rotation. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to the vote of Shareholders by separate resolutions.

In accordance with the Articles, Chan Cheuk Yin, Chan Cheuk Hei, Kwong Che Keung, Gordon and Hui Chiu Chung, Stephen shall retire by rotation and being eligible, have offered for re-election at the AGM to be held on Monday, 11 May 2020.

Each Director has disclosed to the Company about the names of and the titles and nature of office held in the public companies or organisations prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, twice a year, and set out the updated biographical details of Directors, if any, in this annual report.

Board and Board Committee Meetings

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

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

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

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

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

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

Number of attendance/meeting held in 2019

					Risk	
		Audit	Nomination	Remuneration	Management	General
	The Board	Committee	Committee	Committee	Committee	Meeting
Chen Zhuo Lin (Chairman and President)	7/7	_	_	_		1/1
Chan Cheuk Yin (Vice Chairperson)	7/7	_	_	_	_	0/1
Luk Sin Fong, Fion (Vice Chairperson)	7/7	-	1/1	1/1	_	0/1
Chan Cheuk Hung	6/7	-	-	-	1/2	0/1
Huang Fengchao	7/7	-	7	_	1/2	0/1
Chen Zhongqi	7/7	-	_	-	2/2	0/1
Chan Cheuk Hei	6/7	-	_	-	_	0/1
Chan Cheuk Nam	7/7	-	-	_	<u>-</u>	0/1
Cheng Hon Kwan	7/7	2/2	1/1	1/1	_	1/1
Kwong Che Keung, Gordon	7/7	2/2	1/1	1/1	_	1/1
Hui Chiu Chung, Stephen	7/7	2/2	1/1	1/1	_	1/1
Wong Shiu Hoi, Peter	6/7	2/2	1/1	1/1	2/2	1/1

All the executive Directors, NEDs and INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best effort to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing materials as well as other documents provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the Risk Management and Audit Centre. The Chairman met once with the INEDs without the executive Directors present.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction upon his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and to strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules and other regulatory requirements and governance policies, and enable the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

During the year, the summary of training received by the Directors is as follows:

	Training Matters
Directors	(Note)
Executive Directors	
Chen Zhuo Lin <i>(Chairman and President)</i>	А, В
Chan Cheuk Hung	A, B
Huang Fengchao	A, B
Chen Zhongqi	А, В
NEDs	
Chan Cheuk Yin (Vice Chairperson)	A, B
Luk Sin Fong, Fion (Vice Chairperson)	A, B
Chan Cheuk Hei	A, B
Chan Cheuk Nam	A, B
INEDs	
Cheng Hon Kwan	А, В
Kwong Che Keung, Gordon	A, B
Hui Chiu Chung, Stephen	A, B
Wong Shiu Hoi, Peter	A, B

- Note: A. Corporate governance
 - B. Regulatory

Board Diversity Policy

The Company has adopted its own board diversity policy (the "Board Diversity Policy") on 15 August 2013 to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee reviews the diversity structure, size and composition of the Board at least annually.

An analysis of the current Board composition is set out in the following chart:

Number of Directors

12	Female					Securities and		
11			INEDs	71 or above		investment	Around	
10			INEDS			Accounting	6 years	
9								
8			NEDs —	61-70				
7						Property		
6	Male					development, construction,		
5		Executiv				construction	More than	
4				51-60		management and property	10 years	
3			Executive	31-00		management		
2			Directors					
1								
	Gender		Designation	Age Group		Skill/industry experience	Length of service	

The Board is highly diversified in terms of gender, position, age, professional experience, skills, knowledge and length of service. The nomination committee reviews and monitors the implementation of the Board Diversity Policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

Directors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

Board Committees

The Company has established 4 Board committees, namely the remuneration committee, nomination committee, audit committee and risk management committee. Terms of reference of each of the committees are available on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk), and will be amended by the Board from time to time.

Remuneration Committee

The remuneration committee has been established since November 2005 and currently comprises 4 INEDs and a NED. The members of the remuneration committee include Cheng Hon Kwan (as Chairperson), Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the remuneration committee are to make recommendations to the Board on the remuneration packages of individual Directors (including executive Directors and NEDs) and senior management of the Group, formulate the policies and structure for remuneration of Directors and senior management of the Group and to establish a formal and transparent procedure for developing remuneration policy. Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and senior management of the Group, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration. The remuneration committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the remuneration committee held a meeting in March. The agenda of which is set out below:

- discussing the recommendation on the remuneration adjustments of senior management for 2019;
- confirming the remuneration of executive Directors, NEDs and INEDs for 2018; and
- discussing and determining the recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2019.

Nomination Committee

The nomination committee has been established since December 2006 and currently comprises 4 INEDs and a NED. The members of the nomination committee include Hui Chiu Chung, Stephen (as Chairperson), Cheng Hon Kwan, Kwong Che Keung, Gordon, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the nomination committee are to determine policy for the nomination of Directors, to give advice to the Board on the appointment or re-appointment and succession plan of Directors (particularly the Chairman and executive Directors), to review the Board Diversity Policy, review the structure, number of members and composition (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and assess the independence of INEDs and to review the disclosures on director independence, the policy for the nomination of directors performed by the nomination committee during the year and a summary of the Board Diversity Policy in Corporate Governance Report.

The nomination committee is responsible for the development of selection procedures for candidates, and will consider different criteria (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service). The nomination committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expense of the Company.

During the year, the nomination committee held a meeting in March. The agenda of which is set out below:

- considering the contribution to the Group by Chan Cheuk Hung, Huang Fengchao, Chen Zhongqi and Wong Shiu
 Hoi, Peter, the retiring Directors, and advise the Board on the re-election of such retiring Directors at the Last AGM;
- assessing the independence of the INEDs;
- considering and reviewing the structure, number of members and composition of the Board; and
- reviewing the disclosure of independence of directors and Board Diversity Policy in the Corporate Governance
 Report in 2018 annual report.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") on 7 December 2018.

1. Purpose

One of the main responsibilities of the nomination committee of the Company is to identify individuals suitably qualified to become directors and select or make recommendations to the Board on the selection of individuals nominated for directorships.

This policy is aimed to set out the criteria and procedures to be adopted when making recommendations to the Board on the appointment or re-appointment of directors and succession plan for directors. The Nomination Policy was adopted by the Board at the Board meeting held on 7 December 2018.

2. Nomination Criteria

When considering a candidate nominated for directorship or a director's re-appointment, the Nomination Committee shall have regard to the following factors:

- 2.1 Diversity of the Board, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidate;
- 2.2 Time commitment of the candidate. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
- 2.3 Potential/actual conflicts of interest that may arise if the candidate is selected;
- 2.4 In the case of a proposed appointment of an INED, the independence of the candidate;
- 2.5 In the case of a proposed re-appointment of an INED, the number of years he has already served the Company; and
- 2.6 Other factors considered to be relevant by the nomination committee on a case by case basis.

3. Nomination procedure

Subject to the provisions in the Articles, if the Board recognises the need to appoint additional director(s), the following procedures should be adopted:

- 3.1 The nomination committee identifies or selects candidate(s) recommended to the nomination committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
- 3.2 The nomination committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;
- 3.3 The nomination committee provides to the Board with all the information required in relation to the candidate(s), including information set out in Rule 13.51(2) of the Listing Rules;
- 3.4 The nomination committee makes recommendation to the Board including the terms of appointment and conditions of the appointment;
- 3.5 The Board deliberates and decides on the appointment based upon the recommendation of the nomination committee;
- 3.6 All appointments of directors shall be confirmed by a letter of appointment. The letter of appointment shall be approved by the nomination committee and set out the key terms and conditions of the appointment of the directors;
- 3.7 Pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on the election or re-election of directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules; and
- 3.8 In the case of the re-appointment of existing directors, matters relating to the re-appointment shall be considered in accordance with the criteria set out in the Nomination Policy.

Audit Committee

The audit committee has been established since November 2005 and currently comprises 4 INEDs. The members of the audit committee include Kwong Che Keung, Gordon (as Chairperson), Cheng Hon Kwan, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter.

The major duties of the audit committee are to review accounting policy, to monitor the performance of the Company's external auditor and Risk Management and Audit Centre, to review financial information and to review the method and effectiveness of the financial reporting of the Company so as to ensure the compliance with the applicable accounting and reporting regulations and the requirements of law and provisions, to supervise the financial reporting system and risk management and internal control policies, to consider and review the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The audit committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of Company.

During the year, the audit committee held 2 meetings in March and August respectively. The agenda of which is set out below:

- reviewing annual results of 2018 and 2018 annual report, interim results of 2019 and 2019 interim report;
- reviewing audit and review reports of the auditor, recommendation reports of internal control and management;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit department;
- reviewing the independence of external auditor of the Company and considering the re-appointment of external auditor of the Company;
- meeting with the external auditor without the management of the Company;
- reviewing the resources of accounting and financial reporting function of the Group;
- reviewing the resources and the effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The audit committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. After its review, the audit committee considers the external auditor remains to be independent and the Board has no disagreement on the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.

External Auditor

At the Last AGM, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2019, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	2019 RMB	2018 RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	11,824,500	11,100,000
Fee for non-audit services:		
– Provided audit and review services with regard to material acquisitions	2,791,000	_
– Due diligence works with regard to project acquisitions	_	1,270,000
– Permitted assurance service fees relating to issuance of corporate bonds,		
perpetual capital securities and senior notes	2,460,000	3,920,000
- Permitted assurance service fees relating to corporate governance report		
and environmental social governance report	1,048,000	1,176,000
- Permitted assurance service fees relating to tax consultancy	130,000	
- Permitted non-assurance service fees on non-accounting system upgrade		
consultancy	-	2,380,000
Total	18,253,500	19,846,000

Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Company, has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty of a material nature that would affect the Company's ability as to continue as a going concern.

Risk Management Committee

The risk management committee has been established since August 2016 and currently comprises 3 executive Directors and an INED. The members of the risk management committee include Huang Fengchao (as Chairperson), Chan Cheuk Hung, Chen Zhongqi and Wong Shiu Hoi, Peter.

The major duties of the risk management committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor and to ensure the effective implementation of risk control. The risk management committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the risk management committee held 2 meetings in March and August respectively which is set out below to review and discuss the following items:

- the trial implementation of risk management system started in 2018;
- the updates on the top ten risks and core risk indicators of the Group's business segments in 2019;
- the effectiveness of risk management system and internal control system;
- the 2019 risk management work plan; and
- the Group's risk management work report for the first half of 2019.

Risk Management and Internal Control

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Broad and the management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains effective risk management and internal control systems, and to oversee management in the design, implementation and monitoring of the risk management system and internal control system.

The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the Board with the recognition of the effectiveness of risk management and internal control.

Risk Management

The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the risk management committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the "Term of Reference for the Risk Management Committee":
 - Authorizing the risk management committee and defining its duties: the risk management committee's
 duties regarding risk management and its authorisation have been recognised in the "Term of Reference for
 the Risk Management Committee";
 - Determining the organisation of the risk management committee: providing the composition and quorum,
 requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
 - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the risk management committee, including the minutes mechanism.
- 2) Establishing the structure of the risk management organisation: It has built up the official risk management organisation structure from the level of the Group to its six business segments (see figure 1 below: risk management organisation chart), confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:
 - Clear levels and responsibilities: the levels of risk management organisation included the Board and the
 risk management committee at the decision-making level, with the composition of leading level and
 implementation level and carrying out the division of the duties of risk management. It has confirmed the
 direct management obligation and the risk information reporting procedure of risk management;

- The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and
- Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



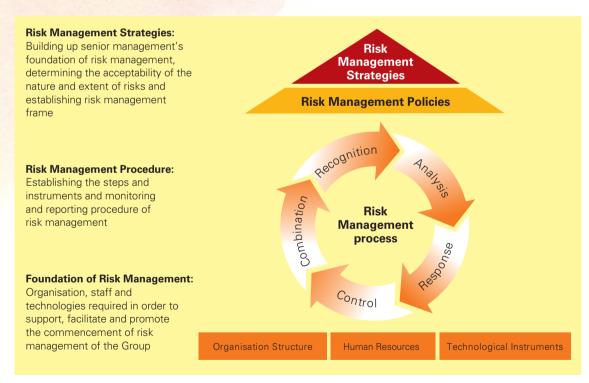
(Figure 1: Risk management organisation chart)

This business is being operated by A-Living, which is a subsidiary with 54% equity interest indirectly held by the Company.

The roles have been played by each level in the risk management structure as shown below.

The Roles in the Risk Management Structure	Major Responsibilities
The Board (decision-making level)	 To evaluate and determine the acceptability of the nature and extent of the risks in achieving the strategic objectives To ensure that the effective risk management and internal control systems are established and maintained To oversee senior management in the design, implementation and monitoring of the risk management and internal control systems
Risk Management Committee (decision-making level)	 To review and formulate the framework of risk management To review and assess the effectiveness of the framework of the Group's risk management on a regular basis To coordinate and assist the senior management to promote risk management work To oversee each business segment for setting up and implement risk response programme and risk treatment measures To report any material risk management matters and recommend solutions to the Board To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group and the head of each business segments (leading level)	 To make risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures To design, implement and monitor the risk management and internal control systems To confirm the effectiveness of risk management and internal control systems to the Board
The Group and its management of the business segments (implementation level)	 To formulate and implement the relevant risk response programme of their business segment To promote and implement specific risk management measures To control different risks of their business and adjust risk management measures in time
Risk management coordination position	 To coordinate the commencement of risk recognition and assessment To prepare periodic risk assessment report and propose the risk management leading level To organise and coordinate risk management training and guidance
Risk Management and Audit Centre	 To be responsible for overseeing and evaluating risk management works done by the Group and its business segments for the risk management monitoring organisation

- 3) Establishing the risk management system structure: comprising the following main elements and features:
 - Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the model of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
 - Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and
 - Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which actually fits with corporation.



(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The Commencement of Risk Assessment for each Business Segment of the Group in 2019

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from external advisory bodies, sustained its intensive risk management works in the following six business segments in 2019: (1) property development; (2) property management; (3) environmental protection; (4) construction; (5) real estate construction management; and (6) commercial.

Continuing to put into practice the risk assessment results of all business segments from 2018



To enhance the application of the Group's risk management results, the senior management has worked out a closed loop for risk management works, namely to identify major risks (planning), to respond to such risks (execution), to check the outcome of such respond (checks), and propose optimisation plans (improvement) in order to improve the risk management and response capabilities of the Company on a continuous basis.

In the year 2019, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2018. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

. Developing an alert indicator system for the ten major risks of all business segments

To strengthen the monitoring of major risks, the head of respective business segments set up quantitative or qualitative monitoring indicators for ten major risks with clear thresholds and reporting mechanisms. The operation of a risk alert indicator system provides the management with reminders of the business areas where risks alerts are sounded, so that analysis can be taken place with risk mitigation measures taken in a timely fashion to reduce the impact of such risks and to implement control and respond to major risks with smart technology.

• Updating the assessment on the ten major risks in all business segments in 2019

The head of respective segments followed and updated the risk assessment criteria in 2018, adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment, identified major risks faced by each business segment and sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. The assessment results were also reported to the risk management committee.

The risk management committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks and finished the review of risk management system and considered the systems are effective and sufficient. Management will report major risks control situation formally to the risk management committee on a half-yearly basis.

The Internal Control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of shareholders. The audit committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The Risk Management and Audit Centre of the Group is accountable and reports directly to the audit committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group and assisting the Board and senior management of the Group in complying with the regulatory requirements and guidelines so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the Risk Management and Audit Centre shall ensure the effective operation of the internal control system.

During the year, the audit committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the Risk Management and Audit Centre will report the same to the audit committee in timely manner.

The Group shall review the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

The review and summary of the effectiveness of the risk management and internal control systems

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversees major risks and regularly reviews the implementation of management and control measures covering the period of 2019 and considered that the systems are effective and sufficient

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides including but not limited to the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

Review of Accounting, Financial Reporting and Internal Audit Functions

The audit committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Company Secretary

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. During the year, Lam Ping Yuk resigned as the Company Secretary of the Company and succeeded by Cheung Lap Kei who is appointed on 1 September 2019. Cheung Lap Kei, the Company Secretary of the Company, has confirmed that he has received relevant professional trainings of no less than 15 hours to update his skills and knowledge during the year.

Relation between the Company and Shareholders

Shareholders' rights

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board. The requisition must specify the objects of the meeting, be signed by the requisitionist(s), and be deposited to the registered office and principal place of business in Hong Kong of the Company.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a Director at the general meeting of the Company, should (i) deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Company Secretary; (ii) the notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer; and (iii) a written consent signed by the candidate indicating his/her willingness to be elected as Director. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of general meeting and not later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on the Company's website (www.agile.com.cn).

Shareholders and the investors may make a request for the public information of the Company at any time. Such request shall be in writing and delivered by post to Capital Markets Department of the Company at 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

Communication with Shareholders

Both the Board and the management fully understand the importance of building up of a good communication with the Shareholders in order to assist the Shareholders and investors to have a better knowledge and understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk), the Company has also posted onto its website the press release and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news has also been released in the Company's website;
- The Company is committed to improving its relation with investors. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers and financial analysts. The report of meetings are presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;
- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The Chairman of the Board, the chairpersons of each of the audit committee, remuneration committee, nomination committee, INED of Wong Shiu Hoi, Peter, representative of annual retained legal advisor and the representative of external auditor had attended the Last AGM. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meeting, poll results are posted on the Company's website (www.agile.com.cn), Hong Kong Stock Exchange's website (www.hkex.com.hk) and SGX's website (www.sgx.com); and
- The Company's notice of the Last AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting. The circular of the Company dated 2 April 2019 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 10 clear business days notice will be given.

Compliance with Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the standard set out in the Securities Dealing Code for Directors during the year under review.

The Company has also adopted a securities transactions code by employees of the Group which is on no less exacting terms than the Model Code.

Amendment of the Company's Constitutional Documents

There was no change made to the Company's constitutional documents during the year ended 31 December 2019.

REPORT OF THE DIRECTORS

The Board is pleased to present their report for the year ended 31 December 2019.

Principal Activities

The principal business of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development, property management, hotel operations, property investment and environmental protection. An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Results and Overall Performance

The Group's results for the year ended 31 December 2019 are set out on pages 106 to 107 of this annual report.

Business Review

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 16 to 25 and the "Chairman's Statement" on pages 8 to 15 of this annual report. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 223 to 224 of this annual report. Save as disclosed in this annual report, the Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

The Group is mainly engaged in the property development in China. As a property developer in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group.

The Group is of the view that our employees, customers and business partners are important to our sustainable development. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

Dividend Policy

The Board has adopted a dividend policy (the "Dividend Policy") on 7 December 2018.

Pursuant to the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company, subject to, among other things, distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans, future development prospects, shareholders' interests and other factors that the Board deems appropriate.

Recommendation, declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to the requirements of the Companies Law of the Cayman Islands, the Articles and all applicable laws and regulations.

The Board will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. There is no assurance that dividends will be paid in any particular amount for any given period.

Dividends

During the year, the Company declared and paid an interim dividend of HK60.0 cents (2018: HK50.0 cents) per Share to the Shareholders. The Board has proposed the payment of a final dividend of HK40.0 cents (2018: HK50.0 cents) per Share to the Shareholders. Subject to the approval by the Shareholders at the AGM, the proposed final dividend is expected to be paid on or about or about Friday, 29 May 2020 to Shareholders whose names appear on the register of members of the Company on Wednesday, 20 May 2020.

Closure of Register of Members

To facilitate the processing of proxy voting for the AGM to be held on Monday, 11 May 2020, the register of members of the Company will be closed from Wednesday, 6 May 2020 to Monday, 11 May 2020, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Tuesday, 5 May 2020.

The register of members of the Company will be closed from Monday, 18 May 2020 to Wednesday, 20 May 2020, both dates inclusive, during which no transfer of Shares will be registered. In order to qualify for entitlement to the final dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Friday, 15 May 2020.

Share Capital

Details of the movement in the share capital of the Company during the year are set out in note 20 to the consolidated financial statements.

Reserves

Details of movement in the reserves of the Group during the year are set out in note 22 to the consolidated financial statements.

As at 31 December 2019, the distributable reserves of the Company were approximately RMB4.5 billion (2018: RMB5.5 billion).

Senior Notes

Details of senior notes of the Company are set out in note 24 to the consolidated financial statements.

Subordinated Perpetual Capital Securities

Details of subordinated perpetual capital securities of the Company are set out in note 23 to the consolidated financial statements.

Senior Perpetual Capital Securities

Details of senior perpetual capital securities of the Company are set out in note 23 to the consolidated financial statements.

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 6 to the consolidated financial statements

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 10 to the consolidated financial statements.

Investment Properties

During the year, the fair value gains of the Group's investment properties amounted to RMB117 million (2018: RMB1,952 million) and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 7 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 24 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 33 to the consolidated financial statements

Donations

The Group's charitable and other donations during the year amounted to RMB116 million (2018: RMB121 million).

Retirement Benefit Scheme

Details of retirement benefit scheme of the Group are set out in note 32 to the consolidated financial statements.

Group Financial Summary

A financial summary of the Group for the past five financial years is set out on pages 223 to 224 of this annual report.

Directors

The Directors as at the date of this report are listed on page 225 of this annual report. All Directors served throughout the year.

Independence confirmation

The Company has received the confirmation from all INEDs listed on page 225 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Term of appointment

Article 87 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at annual general meeting. In accordance therewith, Chan Cheuk Yin, Chan Cheuk Hei, Kwong Che Keung, Gordon and Hui Chiu Chung, Stephen will retire as Directors at the AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement / an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 87 of the Articles. None of the Director has a service agreement / an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Share Award Scheme

The Company has adopted the Share Award Scheme on 10 December 2013 to recognise the contributions by certain employees. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Company issued and allotted a total of 34,470,000 awarded shares to Employee Share Trustee as trustee on 10 February 2014 to hold on trust for such employee(s) selected by the Board ("Selected Employees") in accordance with the trust deed and rules of the scheme. These awarded shares will be transferred to such Selected Employees upon their satisfaction of relevant vesting conditions specified by the Board at the time of the grant. 32,750,000 out of 34,470,000 awarded shares ("Awarded Shares") were granted to certain Selected Employees. Following the confirmation that relevant vesting conditions have not been satisfied, the first and the second 30% Awarded Shares have lapsed effective from 26 August 2015 and 23 August 2016 respectively, and the remaining 40% of the Awarded Shares have lapsed effective from 28 August 2017.

Model Code for Securities Transactions by Directors

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2019.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2019, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange, were as follows:

(1) Long positions in Shares of the Company

				Approximate percentage to issued		
Capacity of interests held	Number of Shares	Note	Total number of Shares			
Beneficiary of a trust Beneficial owner Controlled corporation	2,453,096,250 88,274,000 14,276,250	2	2,597,944,500	66.32%		
	nterests held Beneficiary of a trust Beneficial owner	Interests held of Shares Beneficiary of a trust 2,453,096,250 Beneficial owner 88,274,000 Controlled corporation 14,276,250	nterests held of Shares Note Beneficiary of a trust 2,453,096,250 1 Beneficial owner 88,274,000 Controlled corporation 14,276,250 2	Interests held of Shares Note of Shares Beneficiary of a trust 2,453,096,250 1 2,597,944,500 Beneficial owner 88,274,000 Controlled corporation 14,276,250 2		

	Sha	Approximate			
Name of Director	Capacity of interests held	Number of Shares	Note	Total number of Shares	percentage to issued share capital
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03%
	Controlled corporation	15,687,500	4		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	66.32%
	Controlled corporation	14,276,250	2		
	Spouse	130,572,000	5		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,0 <mark>96,250</mark>	62.63%
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83%
	Beneficial owner	7,875,000	6		
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80%
Chair Cheuk Nairi	Beneficial owner	6,781,500	7	2,439,877,730	02.80 /6
		2, 21, 22			
Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.04%

Notes:

- 1. Held by Full Choice as trustee through Top Coast.
- 2. Held by Brilliant Hero Capital Limited (暉雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司), which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
- 3. Held by Dragon Treasure Global Limited (能寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by Chen Zhuo Lin.
- 4. Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Chan Cheuk Yin.
- 5. By virtue of SFO, Luk Sin Fong, Fion is deemed to be interested in the shares (1) held by her spouse, Chen Zhuo Lin as beneficial owner, and (2) held by Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by Chen Zhuo Lin.
- 6. Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
- 7. Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.

(2) Long positions in the debentures of the Company

Name of Director	Туре	Personal interests	Approximate percentage to the debentures
Kwong Che Keung, Gordon	9% senior notes in an aggregate principal amount of US\$500 million due by 2020	US\$500,000	0.10%

(3) Long positions in the shares of associated corporation of the Company

A. Top Coast

				Percentage to
Name of Director	Capacity of interests held	Number of shares	Description of shares	issued share capital
Ivallie of Director	interests neid	UI SIIdles	OI SHALES	Capitai
Chen Zhuo Lin	Controlled corporation	2 (Note)	Ordinary	100.00%
Chan Cheuk Yin	Controlled corporation	2 (Note)	Ordinary	100.00%

Note: By virtue of the SFO, Chen Zhuo Lin and Chan Cheuk Yin are deemed to be interested in 2 ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Chen Zhuo Lin and Chan Cheuk Yin respectively.

B. A-Living

Name of Director	Capacity of interests held	Number of shares	Description of shares	Approximate percentage to issued share capital of unlisted shares	Approximate percentage to total issued share capital
Chen Zhuo Lin	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Chan Cheuk Yin	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Luk Sin Fong, Fion	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Chan Cheuk Hung	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Chan Cheuk Hei	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Chan Cheuk Nam	Beneficiary of a trust	720,000,000 (Note 1)	Unlisted	80.00%	54.00%
Huang Fengchao	Controlled corporation	80,000,000 (Note 2)	Unlisted	8.89%	6.00%

Notes

- (1) The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprise Management Services Co., Ltd.^ (中山雅生活企業管理服務有限公司) and Deluxe Star International Limited (旺紀國際有限公司), 720,000,000 unlisted shares in A-Living, and Full Choice holds, through Top Coast, 62.63% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. By virtue of the SFO, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are deemed to be interested in these 720,000,000 unlisted shares in A-Living.
- (2) Huang Fengchao is a limited partner of Gongqingcheng A-Living Investment Management Limited Partnership^ (共青城雅生活投資管理合夥企業(有限合夥)) (a holder of 80,000,000 unlisted shares in A-Living), in which 49.9% of interests is owned by him.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (iii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange.

Substantial Shareholders' Interests and Short Positions

To the best knowledge of the Directors or chief executives of the Company, as at 31 December 2019, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in Shares of the Company

		Shares held in the Co	ompany		Approximate
Name of Shareholder	Capacity of interests held	Number of Shares	Note	Total number of Shares	percentage to issued share capital
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63%
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63%
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03%
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63%
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83%
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80%
	Spouse	2,453,096,250	7		

Notes:

- Full Choice holds, through Top Coast, the Shares as the trustee of the Chen's Family Trust. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
- 2. By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
- 3. By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
- 4. Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
- 5. By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
- 6. Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
- 7. By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.

Save as disclosed above, as at 31 December 2019, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions in the Shares which (i) shall disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Interests of Any Other Persons

Save as disclosed in the foregoing, as at 31 December 2019, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Remuneration Policy of the Group

As at 31 December 2019, the Group had a total of 38,313 employees. The related employees' costs for the year amounted to approximately RMB4,953 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits and both internal and external training appropriate to the employees' needs.

Basis for Determining Emoluments to Directors

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

Directors' Interests in Competing Business

During the year and up to the date of this annual report, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC, which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

In accordance with the Articles and Statement of Policy for Corporate Governance, Directors shall abstain from voting on any resolution of Directors in respect of any contract, arrangement or proposal in which he or she or any of his or her associates has material interests.

As the Board is independent from the board of directors of Changjiang Hotel Company and the above Directors are unable to control the Board, the Directors are of the view that the Group is able to operate its hotel business fairly and independent of Changjiang Hotel Company.

Directors' Material Interests in Transactions, Arrangements or Contracts

As at the end of or any time during the year, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director and/or his or her related entities had a material interest in the transactions, arrangements or contracts, whether directly or indirectly.

Changes of information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2019 interim report of the Company are set out below:

- Kwong Che Keung, Gordon retired as an independent non-executive director of OP Financial Limited on 27 August 2019.
- Chen Zhuo Lin serves as the chairperson of the Bureau of Friends of Hong Kong Association Development Foundation.

Major Customers and Suppliers

During the year, sales to the largest customer of the Group accounted for approximately 0.7% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 0.4% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective associates nor any Shareholders (who are interested in more than 5% of the issued Shares to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Related Party Transactions

Details of related party transactions are set out in note 43 to the consolidated financial statements. Certain of them are continuing connected transactions which are fully exempted from reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Connected Transactions

During the year, the Group did not have any connected transactions which is discloseable pursuant to Chapter 14A of the Listing Rules.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Permitted Indemnity Provision

According to the Articles, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and Senior Management in connection with the discharge of their responsibilities.

Purchase, Sale or Redemption of Listed Securities

On 14 January 2019, Guangzhou Panyu Agile Realty Development Co., Ltd.^ (廣州番禺雅居樂房地產開發有限公司) ("Panyu Agile") (an indirect wholly-owned subsidiary of the Company incorporated in China) repurchased its outstanding domestic corporate bonds in an aggregate principal amount of RMB12,228,000 (the "Repurchased Bonds I") out of RMB1,600,000,000 (the "Domestic Bonds I") due 2021 with an initial coupon rate of 4.7% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds I. Following the completion of the said repurchase, Panyu Agile has resold such Repurchased Bonds I.

On 12 July 2019, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB351,000,000 (the "Repurchased Bonds II") out of RMB3,000,000,000 (the "Domestic Bonds II") due 2020 with an initial coupon rate of 6.98% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds II. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds II.

On 18 July 2019, the Company redeemed all its outstanding subordinated perpetual capital securities in an aggregate principal amount of US\$700,000,000 (the "Capital Securities") at the redemption amount being the outstanding principal amount of the Capital Securities plus accrued distributions.

On 11 October 2019, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB570,000,000 (the "Repurchased Bonds III") out of RMB1,800,000,000 (the "Domestic Bonds III") due 2021 with an initial coupon rate of 4.60% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds III. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds III.

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

Specific Performance by the Controlling Shareholders

- 1. As disclosed in the Company's announcement dated 26 May 2016, the Company as borrower and certain of its subsidiaries as guarantors with HSBC, SCB, HSB, BEA, Industrial Bank Co., Ltd., Hong Kong Branch, China CITIC Bank International Limited, BNP Paribas, acting through its Hong Kong branch and China Guangfa Bank Co., Ltd., Macau Branch as arrangers and original lenders and HSB as facility agent and security agent entered into a facility agreement ("2016 Facility I"). Pursuant to which a term loan facility in the amount of HK\$6,707 million with a greenshoe option of HK\$2,000 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 24 May 2019.
- As disclosed in the Company's announcement dated 23 June 2016, the Company as borrower with a bank as lender entered into a facility letter ("2016 Facility II"). Pursuant to which a term loan facility in the amount of HK\$780 million has been granted to the Company for a period of 36 months.
- 3. As disclosed in the Company's announcement dated 2 June 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, facility agent and security agent entered into a facility agreement ("2017 Facility I"). Pursuant to which a term loan facility in the amount of HK\$624 million has been granted to the Company for a term of 36 months.

- 4. As disclosed in the Company's announcement dated 17 July 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, mandated lead arranger and bookrunner, and facility agent and security agent entered into a facility agreement ("2017 Facility II"). Pursuant to which a term loan facility in the amount of HK\$3,519 million has been granted to the Company for a term of 36 months.
- 5. As disclosed in the Company's announcement dated 14 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with certain financial institutions ("2017 Facility III"). Pursuant to which a term loan facility of HK\$1,170 million has been granted to the Company for a term of 36 months.
- 6. As disclosed in the Company's announcement dated 24 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank as lender ("2017 Facility IV"). Pursuant to which a term loan facility of HK\$300 million has been granted to the Company for a term of 36 months.
- 7. As disclosed in the Company's announcement dated 19 December 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank as lender ("2017 Facility V"). Pursuant to which a term loan facility of HK\$400 million has been granted to the Company for a term of 36 months.
- 8. As disclosed in the Company's announcement dated 21 May 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent and security agent and certain financial institutions entered into a facility agreement ("2018 Facility I"). Pursuant to which a term loan facility comprising two tranches of HK\$8,834 million (with a greenshoe option of HK\$2,500 million) and USD200 million has been granted to the Company for a term of 48 months.
- 9. As disclosed in the Company's announcement dated 12 December 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent and security agent and certain financial institutions as original lenders entered into a facility agreement ("2018 Facility II"). Pursuant to which a term loan facility of HK\$770 million (or its USD equivalent) has been granted to the Company for a term of 36 months.
- 10. As disclosed in the Company's announcement dated 27 June 2019, the Company as borrower and one of its subsidiaries as guarantor with a bank as agent and original lender entered into a facility agreement ("2019 Facility I"). Pursuant to which a term loan facility of MOP1,854 million (or its HKD equivalent) has been granted to the Company for a term of 24 months.
- 11. As disclosed in the Company's announcement dated 28 August 2019, the Company as borrower and certain of its subsidiaries as guarantors with certain financial institutions with one of them acting as facility agent and security agent entered into a facility agreement ("2019 Facility II"). Pursuant to which a term loan facility comprising two tranches of HKD1,170 million and USD100 million (with a greenshoe option of USD500 million or its HKD equivalent) has been granted to the Company for a term of 36 months.

In connection with the aforesaid facilities, if (i) Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam (hereinafter collectively the "Controlling Shareholders") collectively, directly or indirectly, do not own more than 50% of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company (only for 2016 Facility I, 2017 Facility II, 2017 Facility III, 2017 Facility IV, 2017 Facility V, 2018 Facility I, 2018 Facility II and 2019 Facility II); and/or (iii) Chen Zhuo Lin is not or ceases to be the chairperson of the Board will cause the event of default. In case of an occurrence of an event of default, if directed by the facility agent (only for 2016 Facility I, 2017 Facility II, 2017 Facility III, 2018 Facility II, 2018 Facility II and 2019 Facility III) the lender (only for 2016 Facility II, 2017 Facility IV and 2017 Facility VI) the agent (only for 2019 Facility II) may by notice to the Company (a) cancel the commitments; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise or direct the security agent (only for 2016 Facility I, 2017 Facility I, 2017 Facility II, 2018 Facility II and 2019 Facility III) to exercise all or any of its rights, remedies, powers or discretions under the finance documents and other ancillary documents.

Pre-emptive Rights

No provision has been made both in the memorandum of association of the Company and the Articles and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Equity Linked Agreement

During the year, the Company did not enter into any equity linked agreement except those under and "Share Award Scheme" and the disclosure in note 21 to the consolidated financial statements.

Corporate Governance

The Company complied with all the provisions set out in the CG Code throughout the year except for certain deviations, details of which are set out in the Corporate Governance Report of this annual report.

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management's efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules. The report will present the Company's commitment to sustainable development during the year under review and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.

Shareholders' Tax Relief

If the Shareholders have any doubt in relation to any relief from taxation by holding the Shares, they are advised to consult their own professional advisers.

Public Float

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2019 and as at the date of this annual report, at least 25% of the Company's total issued share capital is being held by the public.

Audit Committee

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019, and reviewed the accounting principles and practices adopted by the Group with the management of the Group, and discussed the internal controls and financial reporting matters with them.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at the AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix the auditor's remuneration will be proposed at the AGM. The Company did not change its external auditor in the past three years.

On behalf of the Board

Chen Zhuo Lin

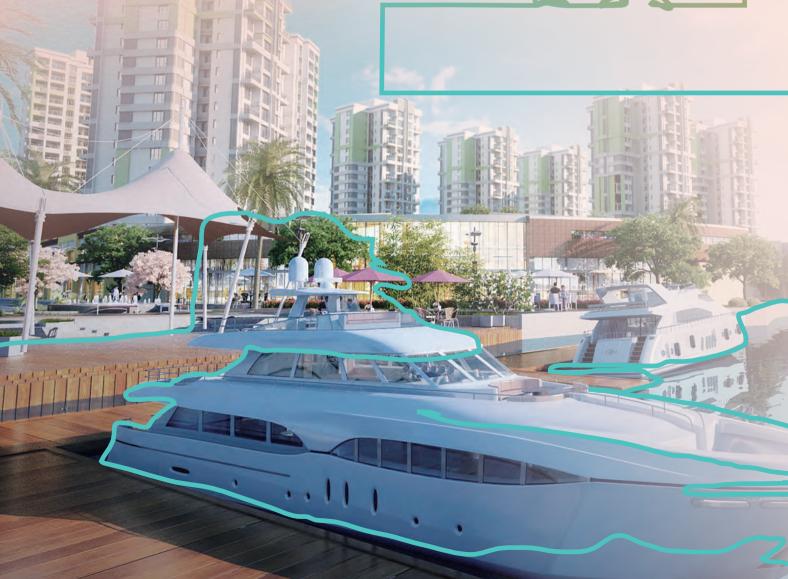
Chairman and President

Hong Kong, 23 March 2020



- 98 Independent Auditor's Report
- 104 Consolidated Balance Sheet
- 106 Consolidated Income Statement
- 107 Consolidated Statement of Comprehensive Income
- 108 Consolidated Statement of Changes in Equity
- 110 Consolidated Statement of Cash Flows
- 112 Notes to the Consolidated Financial Statements
- 223 Five-year Financial Summary









INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Agile Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Agile Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 104 to 222, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Key Audit Matters

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

The key audit matters identified in our audit and our audit procedures performed to address these key audit matters are set out as below:

Key Audit Matters

Assessment of net realisable of properties under development and completed properties held for sale

Refer to notes 4.1(a), 12 and 13 to the consolidated financial statements.

Properties under development and completed properties held for sale amounted to RMB124,848,005,000 as at 31 December 2019, accounting for 46% of the Group's total assets. Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable values were assessed taking into account of costs to completion of properties under development, variable selling expenses based on past experience and selling price based on prevailing market conditions.

Based on management's assessment, a provision of RMB1,561,682,000 for properties under development and a provision of RMB706,290,000 for completed properties held for sale were made as at 31 December 2019.

We focused on this area because of the significant estimates and judgements involved in determining the selling prices, variable selling expenses and costs to completion.

How our audit addressed the Key Audit Matters

We have performed the following procedures to address this key audit matter:

- (i) We understood, evaluated and validated the internal control over the Group's process in determining the selling prices, variable selling expenses and costs to completion;
- (ii) We assessed the Group's estimates of the anticipated costs to completion for properties under development by reconciling the anticipated costs to completion to the approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of similar type of properties in similar location. We performed analysis on management's material cost adjustments; and
- (iii) We challenged management's assumptions when determining the net sales value based on prevailing market conditions by:
 - Researching the selling prices from the public available resources and comparing the estimated selling price to the most recent selling price for the properties under presales or the prevailing market price of the same type of properties in the same location;
 - Analysing the historical selling expenses to selling price ratio, assessing whether management's estimated selling expenses were within such range.

We found that management's estimates for provision of properties under development and completed properties held for sale are properly supported by the available evidences.

Key Audit Matters

Valuations of investment properties

Refer to notes 4.1(b) and 7 to the consolidated financial statements.

The Group's investment properties were measured at fair value of RMB8,495,950,000 as at 31 December 2019, with revaluation gains of RMB117,070,000 recorded as "other gains, net" in the consolidated statement of comprehensive income for the year then ended.

Independent external valuations were performed for all of investment properties in order to support management's estimates. Fair values of completed investment properties are derived using income capitalisation approach or the direct comparison approach, where applicable. The fair values of investment properties under construction are prepared under residual approach.

We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term yields and reversionary yields, market rents, market prices and estimated costs to completion.

How our audit addressed the Key Audit Matters

We have performed the following procedures to address this key audit matter:

- (i) We understood, evaluated and validated the internal control over the Group's process in determining the fair value of investment properties;
- (ii) We evaluated the independent external valuer's competence, capabilities and objectivity;
- (iii) We checked, on a sample basis, accuracy and relevance of the input data used in the valuation and checked the mathematical accuracy of the valuations;
- (iv) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We agreed the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions;
- (v) For investment properties under construction, we assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date.

We found the key assumptions and estimates used in the valuation of investment properties were properly supported by the available evidences.

Other Information

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

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

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

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

Responsibilities of Directors and The Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS 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 audit committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 March 2020

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

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	Note	2019	2018
Assets			
Non-current assets			
Property, plant and equipment	6	11,701,956	8,753,527
Investment properties	7	8,495,950	8,804,220
Land use rights	8	_	2,039,236
Right-of-use assets	9	3,077,209	_
Goodwill	10	3,897,055	1,841,613
Other intangible assets	10	1,578,192	258,990
Investments accounted for using the equity method	11	14,711,189	10,088,353
Prepayments for acquisition of equity interests		468,000	870,856
Properties under development	12	31,742,993	16,936,396
Trade and other receivables	16	5,182,026	12,510,503
Financial assets at fair value through other comprehensive income		262,036	_
Deferred income tax assets	25	1,350,770	1,433,982
		82,467,376	63,537,676
Current assets			
Properties under development	12	79,622,115	73,584,977
Completed properties held for sale	13	13,447,730	8,446,700
Inventories		343,029	46,467
Prepayments for acquisition of land use rights	15	10,669,360	5,187,072
Contract assets	5	1,379,556	448,715
Trade and other receivables	16	35,360,168	27,735,425
Prepaid income taxes		6,077,471	3,165,117
Financial assets at fair value through profit or loss	17	1,008,031	3,232,031
Assets held for sale		302,108	_
Restricted cash	18	9,003,578	9,285,376
Cash and cash equivalents	19	33,551,303	35,776,231
		190,764,449	166,908,111
Total assets		273,231,825	230,445,787

CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

Ac	at 31	Dec	ma	hor
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	Note	2019	2018
Equity			
Capital and reserves attributable to the shareholders of the			
Company			
Share capital and premium	20	3,421,883	3,421,883
Shares held for Share Award Scheme	21	(156,588)	(156,588)
Other reserves	22	2,931,267	2,604,982
Retained earnings		38,277,061	35,368,931
		44,473,623	41,239,208
Perpetual Capital Securities	23	13,566,867	8,334,875
Non-controlling interests		7,295,986	5,406,850
Total equity		65,336,476	54,980,933
Liabilities			
Non-current liabilities			
Borrowings	24	54,372,620	53,196,485
Trade and other payables	26	2,201,976	_
Financial liabilities at fair value through profit or loss	27	83,092	6,144
Lease liabilities	9	390,326	-
Deferred income tax liabilities	25	3,179,780	1,884,085
		60,227,794	55,086,714
Current liabilities			
Borrowings	24	42,297,082	35,332,872
Trade and other payables	26	53,917,720	42,533,971
Financial liabilities at fair value through profit or loss	27	53,684	7,192
Contract liabilities	5	33,653,950	25,489,558
Lease liabilities	9	182,411	_
Current income tax liabilities		17,562,708	17,014,547
		147,667,555	120,378,140
Total liabilities		207,895,349	175,464,854
Total equity and liabilities		273,231,825	230,445,787

The notes on pages 112 to 222 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 104 to 222 were approved by the Board of Directors on 23 March 2020 and were signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

Vacu and	1 2 2 1	Decembe	
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		Year ended 3	i December
	Note	2019	2018
Operation			
Revenue	5	60,239,097	56,144,926
Cost of sales	31	(41,881,111)	(31,471,009)
Gross profit		18,357,986	24,673,917
Selling and marketing costs	31	(2,026,178)	(2,318,044)
Administrative expenses	31	(3,998,883)	(2,909,554)
Net impairment losses on financial and contract assets	3.1(c)	(149,574)	(97,250)
Other gains, net	28	4,802,164	1,986,253
Other income	29	1,282,537	1,040,034
Other expenses	30	(228,300)	(257,002)
Operating profit		18,039,752	22,118,354
Finance costs, net	33	(2,529,824)	(2,744,353)
Share of post-tax profits of investments accounted for			
using the equity method	11	1,086,246	27,098
Profit before income tax		16,596,174	19,401,099
Income tax expenses	34	(7,362,928)	(11,043,282)
Profit for the year		9,233,246	8,357,817
Profit attributable to:			
Shareholders of the Company		7,511,794	7,125,007
Holders of Perpetual Capital Securities	23	850,225	676,906
Non-controlling interests		871,227	555,904
		9,233,246	8,357,817
Earnings per share from continuing operations attributable to			
shareholders of the Company for the year			
(expressed in Renminbi per share)			
- Basic	35	1.935	1.835
– Diluted	35	1.935	1.835

The notes on pages 112 to 222 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

Year ended 31 December

	Note	2019	2018
Profit for the year		9,233,246	8,357,817
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
– Changes in the fair value of equity investments at fair value			
through other comprehensive income, net of tax		21,857	_
– Revaluation gains arising from property, plant and			
equipment transferred to investment properties, net of tax	6	_	261,111
Items that may be reclassified to profit or loss			
 Currency translation differences 		1,147	(1,303)
Other comprehensive income for the year, net of tax		23,004	259,808
Total comprehensive income for the year		9,256,250	8,617,625
Attributable to:			
– Shareholders of the Company		7,532,534	7,379,636
- Holders of Perpetual Capital Securities		850,225	676,906
- Non-controlling interests		873,491	561,083
		9,256,250	8,617,625

The notes on pages 112 to 222 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Att	ributable to s	hareholders	of the Compa	any			
		Shares						
		held for						
	Share	Share				Perpetual	Non-	
	capital and	Award	Other	Retained		Capital	controlling	Total
	premium	Scheme	reserves	earnings	Total	Securities	interests	equity
	(note 20)	(note 21)	(note 22)			(note 23)		
Balance at 1 January 2019	3,421,883	(156,588)	2,604,982	35,368,931	41,239,208	8,334,875	5,406,850	54,980,933
Comprehensive income								
Profit for the year	_	_	_	7,511,794	7,511,794	850,225	871,227	9,233,246
Other comprehensive income								
Currency translation differences	_	_	(1,117)	_	(1,117)	_	2,264	1,147
Changes in the fair value of equity								
investments at fair value through other								
comprehensive income, net of tax	-	-	21,857	-	21,857	-	-	21,857
Total comprehensive income	-	-	20,740	7,511,794	7,532,534	850,225	873,491	9,256,250
Total transactions with shareholders,								
recognised directly in equity								
Transfer to statutory reserve and enterprise								
expansion funds (note 22)	_	_	753,986	(753,986)	_	_	_	_
Distribution to holders of Perpetual Capital								
Securities (note 23)	_	_	_	-	_	(990,199)	_	(990,199)
Redemption of Perpetual Capital Securities								
(note 23)	_	_	(427,512)	(77,201)	(504,713)	(4,305,407)	_	(4,810,120)
Capital injection by non-controlling interests	_	_	_	-	_	_	668,576	668,576
Non-controlling interests on acquisition of								
subsidiaries	_	_	_	-	_	_	838,218	838,218
Acquisition of additional interests in								
subsidiaries	-	-	41,250	-	41,250	-	(140,050)	(98,800)
Dividends distribution to non-controlling								
interests	-	-	-	-	-	-	(351,099)	(351,099)
Issuance of Perpetual Capital Securities								
(note 23)	-	-	-	-	-	9,677,373	-	9,677,373
Dividends (note 36)	-	-	-	(3,772,477)	(3,772,477)	-	_	(3,772,477)
Put options granted during the acquisition of								
subsidiaries			(62,179)		(62,179)			(62,179)
Total transactions with shareholders,								
recognised directly in equity	-	-	305,545	(4,603,664)	(4,298,119)	4,381,767	1,015,645	1,099,293
Balance at 31 December 2019	3,421,883	(156,588)	2,931,267	38,277,061	44,473,623	13,566,867	7,295,986	65,336,476

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	A ⁻	ttributable to	shareholders o	of the Compan	ny			
	Share capital and premium (note 20)	Shares held for Share Award Scheme (note 21)	Other reserves (note 22)	Retained earnings	Total	Perpetual Capital Securities (note 23)	Non- controlling interests	Total equity
Balance at 1 January 2018	3,421,883	(156,588)	785,400	32,284,542	36,335,237	5,529,424	2,311,569	44,176,230
Comprehensive income Profit for the year Other comprehensive income	-	-	-	7,125,007	7,125,007	676,906	555,904	8,357,817
Currency translation differences Revaluation gains arising from property, plant and equipment transferred to investment	-	-	(6,482)	_	(6,482)	-	5,179	(1,303)
properties, net of tax	_	_	261,111	_	261,111	-	_	261,111
Total comprehensive income	_	-	254,629	7,125,007	7,379,636	676,906	561,083	8,617,625
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 22) Distribution to holders of Perpetual Capital	-	-	124,310	(124,310)	-	-	-	<u>-</u>
Securities (note 23) Redemption of Perpetual Capital Securities	-	-	-	-	_	(595,347)	-	(595,347)
(note 23) Capital injection by non-controlling interests	-	-	- 1,462,313	-	- 1,462,313	(1,011,21 <mark>6)</mark> –	- 1,737,030	(1,011,216) 3,199,343
Non-controlling interests on acquisition of subsidiaries Acquisition of additional interests in	-	-	-	-	-	-	988,2 <mark>59</mark>	988,259
subsidiaries Dividends distribution to non-controlling	-	-	(21,670)	-	(21,670)	-	(2,291)	(23,961)
interests Issuance of Perpetual Capital Securities	-	-	-	-	-	-	(188,800)	(188,800)
(note 23) Dividends (note 36)	-	-	-	(3,916,308)	(3,916,308)	3,735,108	-	3,735,108 (3,916,308)
Total transactions with shareholders, recognised directly in equity	_	_	1,564,953	(4,040,618)	(2,475,665)	2,128,545	2,534,198	2,187,078
Balance at 31 December 2018	3,421,883	(156,588)	2,604,982	35,368,931	41,239,208	8,334,875	5,406,850	54,980,933

The notes on page 112 to 222 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

			ecem)	

	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	38(a)	1,007,183	15,224,055
Interest paid		(6,282,614)	(4,437,007)
PRC income tax paid		(9,275,848)	(8,159,459)
Net cash (used in)/generated from operating activities		(14,551,279)	2,627,589
Cash flows from investing activities			
Prepayment of land use rights for development of own used			
properties		(210,618)	(30,522)
Net cash outflow on disposal of a subsidiary		(235,495)	_
Advance consideration received from disposal of subsidiaries		2,681,106	987,700
Proceeds received from disposal of investment properties		57,770	_
Payments of construction cost of investment properties		(52,430)	_
Investments in associates and joint ventures		(2,103,494)	(3,055,520)
Prepayment for acquisitions of equity interests		(468,000)	(829,354)
Purchases of property, plant and equipment		(1,907,891)	(1,118,159)
Purchases of intangible assets		(14,586)	(10,900)
Proceed received from disposal of investment properties, land use	е		
rights and property, plant and equipment		251,233	62,903
Payment for acquisition of subsidiaries through business			
combination		(2,536,405)	(738,352)
Repayment of cash advances from related parties		10,156,482	2,268,664
Repayment of cash advances from non-controlling interests		846,842	_
Cash advances made to related parties		(5,668,240)	(13,028,720)
Dividend income from associates		12,872	_
Proceeds received/(payment) to settle derivative financial			
instruments		253,216	(315,339)
Purchase of financial assets at fair value through other			
comprehensive income		(218,114)	_
Purchase of wealth management products		(35,215,944)	(25,194,380)
Redemption of wealth management products		34,845,212	25,174,380
Payment for acquisition of other financial assets at fair value			
through profit or loss		(1,331,425)	(4,778,093)
Proceeds from settlement of other financial assets at fair value			
through profit or loss		4,877,567	2,770,102
Cash advance made to non-controlling interests		(1,207,507)	(780,752)
Dividend received		59,712	127,685
Interest received		1,009,041	780,488
Net cash generated from/(used in) investing activities		3,880,904	(17,708,169)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

Year ended 31 December

Note	2019	2018
Cash flows from financing activities		
Proceeds from issuance of Perpetual Capital Securities	9,753,310	3,801,370
Issuance cost of Perpetual Capital Securities	(75,937)	(66,262)
Redemption of Perpetual Capital Securities	(4,810,120)	(1,011,216)
Net proceeds from borrowings	48,248,554	80,172,084
Repayments of borrowings	(42,799,664)	(55,383,268)
Decrease in guarantee deposit for borrowings	219,798	416,000
Cash advances from related parties	3,636,493	2,204,179
Repayments of cash advances to related parties	(495,538)	_
Cash advance from non-controlling interest	1,898,876	3,296,742
Repayments of cash advances from non-controlling interest	(2,295,002)	(314,330)
Capital contribution by non-controlling interests	668,576	3,199,343
Principal elements of lease payments	(285,477)	_
Non-controlling interests from acquisition of additional interests in		
subsidiaries	(98,800)	(23,961)
Distribution to holders of Perpetual Capital Securities	(990,199)	(595,347)
Dividends paid to shareholders of the Company	(3,772,477)	(3,916,308)
Dividends paid to non-controlling interests	(351,099)	(43,200)
Net cash generated from financing activities	8,451,294	31,735,826
Net (decrease)/increase in cash and cash equivalents	(2,219,081)	16,655,246
Cash and cash equivalents at beginning of the year	35,776,231	19,041,948
Exchange (losses)/gains on cash and cash equivalents	(5,847)	79,037
Cash and cash equivalents at end of the year 19	33,551,303	35,776,231

The notes on pages 112 to 222 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 General information

Agile Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the "Group") are principally engaged in property development in the People's Republic of China (the "PRC").

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 March 2020.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and, financial assets at fair value through other comprehensive income which are carried at fair value.

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

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 Leases
- Prepayment Features with Negative Compensation Amendments to HKFRS 9
- Long-term Interests in Associates and Joint Ventures Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015-2017 cycle
- Plan Amendment, Curtailment or Settlement Amendments to HKAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

The Group had to change its accounting policies and make certain modified retrospective adjustments as a result of adopting the HKFRS 16 Leases. The impact of the adoption of the leasing standard are disclosed in note 2.2 below. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 (Amendment)	Definition of Material	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9 (Amendment)	Hedge accounting	1 January 2020
HKFRS 17	Insurance contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 2.2(a) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (continued)

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.06%.

	1 January 2019
Operating lease commitments disclosed as at 31 December 2018	295,570
Discounted using the lessee's incremental borrowing rate of at the date of initial application (Less): short-term leases and low-value leases recognised on a straight-line basis	244,235
as expense	(3,147)
(Less): contracts reassessed as service agreements	(46,714)
Lease liabilities recognised as at 1 January 2019	194,374
Of which are:	
Current lease liabilities	73,076
Non-current lease liabilities	121,298
	194,374

Under the modified retrospective approach, the associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Recognised right-of-use assets relate to the following types of assets:

	31 December 2019	1 January 2019
Land use rights Property, plant and equipment Land use right for ancillary facilities	2,392,388 665,945 18,876	2,039,236 174,046 20,328
Total right-of-use assets	3,077,209	2,233,610

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets increase by RMB2,233,610,000
- Lease liabilities increase by RMB194,374,000
- Land use rights decrease by RMB2,039,236,000

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

There is no impact on the retained earnings on 1 January 2019.

There is no material impact on earnings per share for the year ended 31 December 2019 as a result of the adoption of HKFRS 16.

Impact on segment disclosures

Segments assets and segment liabilities as at 31 December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The change in policy will increase segment assets and liabilities as at 31 December 2019 as following:

	Segment	Segment
	assets	liabilities
Property development	169,852	186,294
Property management	14,756	15,200
Hotel operations	28,386	29,564
Environmental protection	3,673	3,973
	216,667	235,031

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1
 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend
 or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-INT 4 Determining whether an Arrangement contains a Lease.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.3.2 Investments accounted for using the equity method

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting (continued)

2.3.2 Investments accounted for using the equity method (continued)

Equity method (continued)

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.12.

2.3.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated income statement where appropriate.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated income statement as a bargain purchase.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.4 Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated income statement.

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.6 Segment reporting

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

2.7 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.7 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.8 Property, plant and equipment

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

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

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

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

Buildings	10-60 years
Office equipment	5-10 years
Transportation equipment	4-10 years
Machinery	5-10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

2.9 Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.10 Investment property

Investment property, principally comprising land use rights and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded as "other gains, net" in the consolidated income statement.

When an owner-occupied property becomes an investment property carried at fair value, the Group applies HKAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in and its fair value in as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in consolidated income statement.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

2.11 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generation units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.11 Intangible assets (continued)

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 20 years.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 6 to 10 years for the customer relationships.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 10 years.

(e) Operating concessions

Operating concessions are capitalised on the basis of the costs incurred to build and operating water waste treatment plants and refuse-burning power plant. These costs are amortised over their estimated useful lives of 3 to 28 years.

2.12 Impairment of non-financial assets

Goodwill that has an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Investments and other financial assets

Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in consolidated income statement or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (the "FVOCI").

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

Recognition and derecognition

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

Measurement

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

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Investments and other 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in other gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- 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. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to consolidated income statement and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains, net and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in consolidated income statement and presented net within other gains, net in the period in which it arises.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains, net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Investments and other financial assets (continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.14 Offsetting financial instruments

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

2.15 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- The amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.16 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.17 Inventories

Raw materials and stores

Raw materials and stores are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's accounting for trade and other receivables and note 3.1(c) for a description of the Group's impairment policies.

2.19 Cash and cash equivalents

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

2.20 Share capital

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.21 Perpetual Capital Securities

Perpetual Capital Securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity, as described in note 23.

2.22 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.23 Borrowings

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

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

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

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

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.23 Borrowings (continued)

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.24 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.24 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

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

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

(c) Offsetting

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

2.25 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.25 Employee benefits (continued)

(b) Employee leave entitlements

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

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

(c) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for shares of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, if any, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2.26 Provisions

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

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.26 Provisions (continued)

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

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made with the Group companies. The Group recognises revenue of each activities as described below.

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

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

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Revenue recognition (continued)

(b) Property management services and value-added services

Revenue from property management services (including property management services under commission basis or lump sum basis) and value-added services (including pre-delivery services, household assistance services, property agency services and other services) is recognised when services are rendered.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable by the properties and recognises all related property management costs as its cost of services. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner and is arranging and monitoring the services as provided by other suppliers to the property owners, the Group entitles revenue at a pre-determined percentage of the property management fee received or receivable by the properties.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary are recognised in the accounting period in which the services are rendered.

(d) Rental income

Rental income from investment properties under operating leases is recognised in the consolidated income statement on a straight-line basis over the term of lease.

(e) Interest income

Interest income from financial assets at FVPL is included in the fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "other income".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(f) Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Revenue recognition (continued)

(g) Environmental protection income

Revenue arising from environmental protection is recognised in the accounting period in which environmental protection services are rendered.

(h) Construction income

Revenue from construction related to work on assets under the control of the customer which the Group's construction activities create or enhance an asset under the customer's control, is recognised progressively over time using output method based on direct measurements of the value of services delivered or surveys of work performed. Revenue from franchise construction is recognised over time by measuring the progress towards complete satisfaction of the services. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(i) Design service and project management service income

Revenue from design service and project management services is recognised progressively over time using output method based on direct measurements of the value of services delivered or surveys of work performed.

(j) Financing components

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

2.28 Leases

As explained in note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.

Until 31 December 2018, leases were classified as operating leases. Payments (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.28 Leases (continued)

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.28 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 28 years. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitory and small items of office furniture.

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

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

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2.29 Dividend distribution

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.30 Insurance contracts

An insurance contract is a contract under which one party (the "insurer") accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder if a specified uncertain future event (the "insured event") adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

2.31 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2.32 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the Company, excluding any costs of servicing equity other
than ordinary shares by the weighted average number of ordinary shares outstanding during
the financial year, adjusted for bonus elements in ordinary shares issued during the year and
excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings and perpetual capital securities. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, senior notes, bank borrowings and syndicated loans are in other currencies. As at 31 December 2019, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, bank borrowings and syndicated loans denominated in HK dollar ("HK\$"), US dollar ("US\$") and Macao Pataca ("MOP"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to limit its exposure to foreign exchange risk during the year ended 31 December 2019.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Gro	oup
	2019	2018
Monetary assets		
- HK\$	3,202,132	522,538
- US\$	4,059,171	2,492,297
	7,261,303	3,014,835
Monetary liabilities		
– HK\$	21,999,374	21,618,629
- US\$	19,220,080	14,405,428
- MOP	1,599,195	_
	42,818,649	36,024,057

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(a) Currency risk (continued)

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

	Group		
	2019	2018	
5% increase in RMB against HK\$ 5% decrease in RMB against HK\$	940,720 (940,720)	1,055,467 (1,055,467)	
5% increase in RMB against US\$ 5% decrease in RMB against US\$	761,140 (761,140)	600,441 (600,441)	
5% increase in RMB against MOP 5% decrease in RMB against MOP	79,960 (79,960)	<u> </u>	

(b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings with variable rates expose the Group to cash flow interest-rate risk. Borrowings with fixed rate, mainly included senior notes, bonds and other borrowings, expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

As at 31 December 2019 and 2018, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2019 and 2018 would increase or decrease by RMB502,957,000 and RMB487,634,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

(c) Credit risk

The Group is exposed to credit risk in relation to its contract asset, trade and other receivables and cash deposits with banks. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counter parties.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

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

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

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

(i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

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

(ii) Contract assets and trade and other receivables (excluding prepayments, prepaid value-added taxes and other receivables from related parties and non-controlling interests)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

(ii) Contract assets and trade and other receivables (excluding prepayments, prepaid value-added taxes and other receivables from related parties and non-controlling interests) (continued)
As at 31 December 2019, the Group has assessed that the expected loss rate for other receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for other receivables from related parties was recognised.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables (excluding prepayments, prepaid value added taxes and other receivables from related parties and non-controlling interests). As at 31 December 2019, the Group has assessed that there is no significant increase of credit risk for other receivables. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

On that basis, as at 31 December 2019, the loss allowance provision for the contract assets and trade receivables was determined as follow. The expected credit losses below also incorporated forward looking information.

	Current	Up to 3 months	3 months to 1 year	1 to 2 years	Over 2 years	Total
At 31 December 2019 Expected loss rate	_	0.10%~1%	1%~2%	5%~10%	10%~50%	
Gross carrying amount – trade receivables	5,024,488	1,642,589	725,843	253,731	155,386	7,802,037
Gross carrying amount – contract assets	1,262,681	62,494	55,552	_	_	1,380,727
Loss allowance – trade receivables	_	7,721	13,563	18,183	33,973	73,440
Loss allowance - contract assets	_	62	1,109	_	_	1,171
At 31 December 2018						
Expected loss rate Gross carrying amount	-	0.10%~1%	1%~2%	5%~10%	10%~50%	
 trade receivables Gross carrying amount 	6,071,782	226,542	234,262	75,578	101,398	6,709,562
- contract assets Loss allowance	410,921	20,209	17,964	-	-	449,094
trade receivables Loss allowance	-	227	4,205	6,685	20,952	32,069
- contract assets	_	20	359	-	_	379

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

As at 31 December 2019 the loss allowance provision for trade and other receivables (excluding prepayments, prepaid value-added taxes and other receivables from related parties and non-controlling interests) reconciles to the opening loss allowance for that provision as follows:

		Other	
		receivables	
		(excluding	
		prepayments,	
		prepaid value-	
		added taxes	
		and other	
		receivables	
	Contract	from related	
	assets	parties and	
	and trade	non-controlling	
	receivables	interests)	Total
At 1 January 2019	32,448	92,409	124,857
Impact of acquisition of subsidiaries	15,895	2,864	18,759
Provision for loss allowance recognised in profit			
or loss	38,317	164,459	202,776
Unused amounts reversed	(12,049)	(41,153)	(53,202)
At 31 December 2019	74,611	218,579	293,190

As at 31 December 2019, the gross carrying amount of contract assets and trade and other receivables (excluding prepayments, prepaid value-added taxes and other receivables from related parties and non-controlling interests) was RMB22,208,716,000 and thus the maximum exposure to loss was RMB21,915,526,000.

(d) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing etc. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

		Between	Between		
Contractual maturities of	Less than	1 and 2	2 and 5	Over	
financial liabilities	1 year	years	years	5 years	Total
At 31 December 2019					
Non-derivatives					
Borrowings	46,897,886	31,348,066	24,681,720	4,800,165	107,727,837
Trade and other payables(*)	45,838,189	2,201,976	_	-	48,040,165
Total non-derivatives	92,736,075	33,550,042	24,681,720	4,800,165	155,768,002
Derivatives					
Gross settled (forward foreign					
exchange contracts)					
- (inflow)	(52,862)	(3,418)	_	_	(56,280)
- outflow	106,546	16,074	_	-	122,620
	53,684	12,656	_	_	66,340
At 31 December 2018					
Non-derivatives					
Borrowings	40,650,890	22,107,420	30,333,674	7,415,012	100,506,996
Trade and other payables(*)	36,439,895	_	_	_	36,439,895
Total non-derivatives	77,090,785	22,107,420	30,333,674	7,415,012	136,946,891
Derivatives					
Gross settled (forward foreign					
exchange contracts)					
- (inflow)	(99,948)	(476)	_	_	(100,424)
– outflow	107,140	6,620	_	-	113,760
	7,192	6,144	_	-	13,336

^{*} Excluding staff welfare benefit payable, other taxes payable and advance from disposal of subsidiaries.

(All amounts in RMB thousands unless otherwise stated)

Impact on post-tax profit

3 Financial risk management (Continued)

3.1 Financial risk factors (continued)

(e) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at EVPL.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity

The table below summarises the impact of increases/(decreases) of price of the stocks, which the Group purchased, on the Group's post-tax profit for the period. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	2019	2018
Price of each stock – increase 5%	9,085	137,616
Price of each stock – decrease 5%	(9,085)	(137,616)
Price of each stock – increase 10%	18,170	275,231
Price of each stock – decrease 10%	(18,170)	(275,231)

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as at FVPL.

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current borrowings and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.2 Capital risk management (continued)

	2019	2018
Total borrowings (note 24)	96,669,702	88,529,357
Less: cash and cash equivalents (note 19)	(33,551,303)	(35,776,231)
restricted cash (note 18)	(9,003,578)	(9,285,376)
Net borrowings	54,114,821	43,467,750
Total equity	65,336,476	54,980,933
Gearing ratio	82.8%	79.1%

The increase in the gearing ratio during the year ended 31 December 2019 was primarily resulted from the increase in borrowings.

3.3 Fair value estimation

(a) Fair value hierarchy

At 31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL				
 Hong Kong listed equity securities 				
and debt instruments	181,691	_	_	181,691
 Unlisted equity securities 	_	_	326,084	326,084
 Wealth management products 	_	_	430,083	430,083
- Others	_	_	70,173	70,173
Financial assets at FVOCI				
 Hong Kong listed equity securities 	262,036	_	_	262,036
Total financial assets	443,727	_	826,340	1,270,067
Financial liabilities				
Financial liabilities at FVPL				
– Derivative financial instruments	_	66,340	_	66,340
– Put options	_	_	70,436	70,436
Total financial liabilities	_	66,340	70,436	136,776

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (continued)

(a) Fair value hierarchy (continued)

Level 1	Level 2	Level 3	Total
2,752,310	_	_	2,752,310
_		459,721	459,721
-	-	20,000	20,000
2,752,310	-	479,721	3,232,031
-	13,336	-	13,336
_	13,336	-	13,336
	2,752,310 - -	2,752,310 - 2,752,310 -	2,752,310

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and wealth management products.

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities and wealth management products explained in (c) below.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 December 2019 and 2018:

	31 December 2019	31 December 2018
Opening balance	479,721	277,500
Additions	35,215,944	25,333,568
Gains recognised in other gains, net	98,664	203,033
Disposal	(139,188)	_
Addition through business combinations (note 39)	16,411	_
Transfer to Hong Kong listed equity securities due to listing		
of the investee	_	(160,000)
Redemption of wealth management products	(34,845,212)	(25,174,380)
Closing balance	826,340	479,721

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation processes

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments included the unlisted equity securities, wealth management products and others (note 17). As the investments are not traded in an active market, their fair value have been determined by discounted cash flows. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using capital asset pricing models to calculate the pre-tax rates that reflect current market assessments of the time values of money and the risk specific to the assets.
- Earnings growth factor for unlisted equity securities and wealth management products: these are
 estimated based on market information for similar types of companies and products.
- Expected cash inflows: these are estimated based on the terms of the sale contracts, the entity's knowledge of the business and how the current economic environment is likely to impact them.

(d) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable and payable is either close to current market rates or the instruments are short-term in nature.

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held for hotel segment are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operation have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2019, a provision for completed properties held for sale of RMB706,290,000 (2018: RMB677,738,000), a provision for properties under development of RMB1,561,682,000 (2018: RMB1,264,729,000) and a provision for long-term asset held for hotel operation of RMB154,376,000 were made (2018: nil).

(b) Fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (continued)

(b) Fair value of investment properties (continued)

(iv) estimated costs to completion and expected developer's profit margin, derived from the construction budget and historical information of similar properties.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer.

The fair value gains from completed investment properties and investment properties under construction are disclosed in Note 7.

(c) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Land appreciation taxes

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

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (continued)

(e) Recoverability of contract assets and trade and other receivables

The management assesses on a forward looking basis the expected credit losses associated with its contract assets and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The allowance are applied to these contract assets and receivables where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and trade and other receivables and impairment charge in the periods in which such estimate has been changed.

As at 31 December 2019, the provision for impairment of contract asset and trade and other receivables is RMB293,190,000 (2018: RMB124,857,000).

(f) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in notes 2.11 and 2.12, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 10.

(g) Estimation of the amount payable under residual value guarantees

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

(h) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

(All amounts in RMB thousands unless otherwise stated)

5 Segment information

(a) Description of segments and principal activities

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into five business segments: property development, property management, hotel operations, property investment and environmental protection. The associates and joint ventures of the Group are principally engaged in property development, property management and environmental protection and are included in the property development, property management and environmental protection segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
Sales of developed properties	54,177,160	52,487,664
Property management services	3,577,311	2,132,813
Hotel operations	801,742	721,667
Rental income from investment properties	172,630	189,045
Environmental protection services	1,510,254	613,737
	60,239,097	56,144,926

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2019 and 2018 are as follows:

Year ended 31 December 2019

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Gross segment sales	54,177,160	5,127,293	801,742	172,630	1,510,254	_	61,789,079
Inter-segment sales	-	(1,549,982)	-	-	-	-	(1,549,982)
Sales to external customers Timing of revenue recognition	54,177,160	3,577,311	801,742	172,630	1,510,254	-	60,239,097
- At a point in time	50,808,866	11,179	-	_	33,406	-	50,853,451
– Over time	3,368,294	3,566,132	801,742	172,630	1,476,848	_	9,385,646
Fair value gains on investment							
properties (note 7)	-	-	-	117,070	-	-	117,070
Operating profit/(loss)	16,491,288	1,385,038	(351,411)	180,054	334,783	-	18,039,752
Share of post-tax profit of investments accounted for							
using the equity method							
(note 11)	1,053,637	22,635	-	-	9,974	-	1,086,246
Segment result	17,544,925	1,407,673	(351,411)	180,054	344,757	_	19,125,998
Finance costs, net (note 33)							(2,529,824)
Profit before income tax							16,596,174
Income tax expenses (note 34)							(7,362,928)
Profit for the year							9,233,246
Depreciation	336,392	37,899	306,130	_	90,340		770,761
Amortisation of intangible assets	12,294	48,433	880	_	33,998	_	95,605
Write-down of properties under							
development, completed							
properties held for sale							
and property, plant and	005 505		454.050				470.001
equipment	325,505		154,376	_	_	_	479,881

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (continued)

Year ended 31 December 2018

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Gross segment sales	52,487,664	3,376,749	721,667	189,045	613,737	-	57,388,862
Inter-segment sales	-	(1,243,936)	-	-	-	-	(1,243,936)
Sales to external customers Timing of revenue recognition	52,487,664	2,132,813	721,667	189,045	613,737	-	56,144,926
– At a point in time	51,668,575	4,195	-	-	-	· -	51,672,770
– Over time	819,089	2,128,618	721,667	189,045	613,737	-	4,472,156
Fair value gains on investment properties (note 7)	-	-	-	1,952,355	-	-	1,952,355
Operating profit/(loss) Share of post-tax (loss)/profit of investments accounted for using the equity method	18,952,097	1,076,280	(127,848)	2,020,407	197,418	-	22,118,354
(note 11)	(5,832)	(68)	-	-	32,998		27,098
Segment result	18,946,265	1,076,212	(127,848)	2,020,407	230,416	-	22,145,452
Finance costs, net (note 33)							(2,744,353)
Profit before income tax Income tax expenses (note 34)							19,4 <mark>01,099</mark> (11,043,282)
Profit for the year							8,357,817
Depreciation Amortisation of land use rights	192,439	10,121	280,794	-	31,161	-	514,515
and intangible assets Write-down of properties under development and completed	16,805	23,302	48,670	-	5,177		93,954
properties held for sale	1,489,770	-	-	-	-	-	1,489,770

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (continued)

Segment assets and liabilities and capital expenditure as at 31 December 2019 are as follow:

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Segment assets	224,299,039	8,618,143	11,475,325	8,495,950	17,433,296	(5,788,236)	264,533,517
Unallocated assets							8,698,308
Total assets							273,231,825
Segment assets include: Investments accounted for using the equity method (note 11)	13,907,604	583,634	_	_	219,951	_	14,711,189
Segment liabilities	75,791,172	2,479,562	4,060,271	16,612	13,787,002	(5,788,236)	90,346,383
Unallocated liabilities							117,548,966
Total liabilities							207,895,349
Capital expenditure	1,007,291	718,523	368,150	52,430	4,218,372	-	6,364,766

Segment assets and liabilities and capital expenditure as at 31 December 2018 are as follow:

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Segment assets	192,769,689	7,280,920	8,432,727	8,804,220	6,955,524	(1,628,423)	222,614,657
Unallocated assets							7,831,130
Total assets							230,445,787
Segment assets include: Investments accounted for using the equity method (note 11)	9,710,362	422	_	_	377,569	_	10,088,353
Segment liabilities	59,113,638	1,558,055	3,449,498	18,839	5,511,922	(1,628,423)	68,023,529
Unallocated liabilities							107,441,325
Total liabilities							175,464,854
Capital expenditure	356,805	100,326	108,331	-	1,339,968	-	1,905,430

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2019 as follows:

	Assets	Liabilities
Segment assets/liabilities	264,533,517	90,346,383
Unallocated:		
Deferred income taxes	1,350,770	3,179,780
Prepaid income taxes	6,077,471	_
Financial assets at FVPL	1,008,031	_
Financial assets at FVOCI	262,036	-
Financial liabilities at FVPL	_	136,776
Current income tax liabilities	_	17,562,708
Current borrowings	_	42,297,082
Non-current borrowings	_	54,372,620
Total	273,231,825	207,895,349

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2018 as follows:

	Assets	Liabilities
Segment assets/liabilities	222,614,657	68,023,529
Unallocated:		
Deferred income taxes	1,433,982	1,884,085
Prepaid income taxes	3,165,117	_
Financial assets at FVPL	3,232,031	_
Derivative financial instruments	_	13,336
Current income tax liabilities	-	17,014,547
Current borrowings	_	35,332,872
Non-current borrowings	_	53,196,485
Total	230,445,787	175,464,854

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 December 2019	As at 31 December 2018
Current contract assets relating to properties sale contracts Current contract assets relating to construction contracts Loss allowance	583,676 797,051 (1,171)	449,094 - (379)
Total contract assets	1,379,556	448,715

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at FVOCI and financial assets at FVPL. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

Capital expenditure comprises additions to property, plant and equipment, land use rights, right-of-use assets, investment properties and intangible assets.

(c) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at	As at
	31 December	31 December
	2019	2018
Contract liabilities		
- Related parties (note 43(c))	44,094	3,530
- Third parties	33,591,856	25,486,028
	33,653,950	25,489,558

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(c) Contract liabilities (continued)

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	As at	As at
	1 January	1 January
	2019	2018
Revenue recognised that was included at the beginning		
of the year		
Sales of properties	25,094,077	13,971,386
Property management services and value-added services	395,481	256,644
	25,489,558	14,228,030

(iii) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities as of 31 December 2019 and 31 December 2018.

(d) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2019, there was no significant incremental costs to obtain a contract.

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment

Accumulated depreciation		Buildings	Transportation equipment	Office equipment	Machinery	Construction in progress	Total
Cost	At 31 December 2017						
Accumulated depreciation		7,412,424	185,215	200,852	300,402	1,569,045	9,667,938
Vesar ended 31 December 2018 Copening net book amount	Accumulated depreciation						(2,094,901)
Opening net book amount 5,775,944 34,317 32,906 160,825 1,589,045 7,573,00 Additions 36,033 239,630 67,999 17,388 772,550 1,123,55 Revaluation surplus (note (cl)) 348,148 — — — — 484,14 Acquisition of subsidiaries 22,759 9,199 2,005 8,851 480,928 524,74 Transfer from completed construction projects 124,784 214 569 13,800 (139,367) Transfer from investment properties (note 7) 176,920 — — — — 176,927 Transfer to investment properties (note (cl) (400,523) — — — — — 616,62 Disposals 115,9081 (3,616) 0,2,1861 (3,918) (598) 262,22 Depreciation (437,207) (34,444) (23,798) (19,066) — (514,51 Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 1,260,65 <td>Net book amount</td> <td>5,775,944</td> <td>34,317</td> <td>32,906</td> <td>160,825</td> <td>1,569,045</td> <td>7,573,037</td>	Net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
Additions 36,033 239,630 57,999 17,358 772,550 1,123,57 Revaluation surplus (note (c)) 348,148 — — — — — — — 348,14 Acquisition of subsidiaries 23,759 9,199 2,005 8,851 480,928 524,74 Transfer from completed construction projects 124,784 214 569 13,800 (139,367) Transfer from investment properties (note 7) 176,920 — — — — — — — — — — — (400,52 Transfer to investment properties (note (c)) (400,528) — — — — — — — — — — — — — — — — — (400,52 Transfer to investment properties (note (c)) (400,528) — — — — — — — — — — — — — — — — — — —	Year ended 31 December 2018						
Revaluation surplus (note (c)) 348,148 - - - - 348,148 Acquisition of subsidiaries 23,759 9,199 2,005 8,851 480,928 524,747 Transfer from completed construction projectes 124,784 214 569 13,800 (139,367) Transfer from investment properties (note 7) 176,920 - - - - 176,920 Transfer to investment properties (note (c)) (400,528) - - - - (400,526) Transfer to properties under development (51,623) - - - - - (51,626) Disposals (15,906) (3,616) (2,186) (3,918) (596) (26,222) Depreciation (437,207) (34,444) (23,798) (19,066) - (514,516) Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Accumulated depreciation (2,079,440) (158,340) (119,196) (148,546) - <th< td=""><td>Opening net book amount</td><td>5,775,944</td><td>34,317</td><td>32,906</td><td>160,825</td><td>1,569,045</td><td>7,573,037</td></th<>	Opening net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
Acquisition of subsidiaries 23,759 9,199 2,005 8,851 480,928 524,747 Transfer from completed construction projects 124,784 214 569 13,800 (139,367) Transfer from investment properties (note 7) 176,920 — — — — — — — 176,927 Transfer from investment properties (note (1) (400,528) — — — — — — — — — — — — — — (61,627) Transfer to investment properties (note (2) (400,528) — — — — — — — — — — — — — — — — — — —	Additions	36,033	239,630	57,999	17,358	772,550	1,123,570
Transfer from completed construction projects 124,784 214 569 13,800 (139,367) Transfer from investment properties (note 7) 176,920 176,927 Transfer to investment properties (note (cl) (400,528) (400,527) Transfer to properties under development (51,623) (51,627) Disposals (15,906) (3,616) (2,186) (3,918) (598) (26,227) Depreciation (437,207) (34,444) (23,798) (19,066) - (514,516) Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,047 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) - (2,566,527) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 1,876,807 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer to properties under development (25,783) (276,021) (276,021) Transfer to properties under development (25,783) (276,021) (276,021) Disposals (23,856) (205,991) (2,765) (3,806) (893) (236,41) Impairment loss (note (e)) (154,376) (276,021) (276,021) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (154,378) Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,085,48) Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) (154,378)	Revaluation surplus (note (c))	348,148	-	_	-	-	348,148
Transfer from investment properties (note 7) 176,920 — — — — — — — — — 176,92 Transfer to investment properties (note (a)) 4400,528 — — — — — — — — 4400,528 Transfer to properties under development (51,623) — — — — — — — — — (51,62) Disposals (115,906) (3,616) (2,186) (3,918) (598) (26,22) Depreciation (437,207) (34,444) (23,798) (19,066) — — (514,51) Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,763,52 At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,04 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — — (2,506,52) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,665,535 1,876,80 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 — — — — — — — — — — — — (25,78) Transfer to assets held for sale (note (f)) — — — — — — — — — — — — (25,78) Transfer to assets held for sale (note (f)) — — — — — — — — — — — — — (25,62,71) Impairment loss (note (e)) (154,376) — — — — — — — — — — — (154,37) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 14,948,81 Accumulated depreciation (25,62,938) (164,799) (145,489) (219,258) — — (30,92,48) Impairment loss (154,376) — — — — — — — — — — — — — — — — — — —	Acquisition of subsidiaries	23,759	9,199	2,005	8,851	480,928	524,742
Transfer to investment properties (note (a))	Transfer from completed construction projects	124,784	214	569	13,800	(139,367)	-
Transfer to properties under development (51,623) — — — — — — — — — — — (51,62	Transfer from investment properties (note 7)	176,920	-	_	-	-	176,920
Disposals (15,906) (3,616) (2,186) (3,918) (598) (26,22) Depreciation (437,207) (34,444) (23,798) (19,066) — (514,51 Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,04 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — (2,506,52 Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Vear ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Vear ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Vear ended 31 December 2019 A 10,000 A 10,000 A 10,000 A 10,000	Transfer to investment properties (note (c))	(400,528)	-	-	-	-	(400,528)
Depreciation (437,207) (34,444) (23,798) (19,066) — (514,516) Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,527 At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,04 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — (2,506,52) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Vear ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,2344 7,848 299,252 1,065,355 1,876,80 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000	Transfer to properties under development	(51,623)	-	_	-	-	(51,623)
Closing net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,04 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — (2,506,52) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Vear ended 31 December 2019 Vear ended 31 December 2019 Vear ended 31 December 2019 41,607,965 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,555 1,876,80 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 — — — — — (25,78 Transfer from investment pro	Disposals	(15,906)	(3,616)	(2,186)	(3,918)	(598)	(26,224)
At 31 December 2018 Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,626 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — (2,506,526) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 — — — — — — — 420,00 Transfer to properties under development (25,783) — — — — — — (276,021) (276,02 Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41 Depreciation (463,126) (21,304) (31,276) (53,405) — (599,11 Impairment loss (note (e)) (154,376) — — — — — — — — (154,37 Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,95 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) — (3,092,48) Impairment loss (154,376) — — — — — — — — (154,37)	Depreciation	(437,207)	(34,444)	(23,798)	(19,066)	-	(514,515)
Cost 7,659,764 403,640 186,691 327,396 2,682,558 11,260,04 Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) — (2,506,52 Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Vear ended 31 December 2019 717,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) 1,771,850 2,682,558 8,753,52 Transfer from completed construction projects 486,338 — 449 120,429 (607,216) 1,876,80 Transfer from investment properties (note 7) 420,000 — — — — — (256,02) Transfer to assets held for sale (note (f)) — <td>Closing net book amount</td> <td>5,580,324</td> <td>245,300</td> <td>67,495</td> <td>177,850</td> <td>2,682,558</td> <td>8,753,527</td>	Closing net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527
Accumulated depreciation (2,079,440) (158,340) (119,196) (149,546) - (2,506,52) Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 - - - - 420,00 Transfer to properties under development (25,783) - - - - - - - (25,78 Transfer to assets held for sale (note (fi)) - - - - - (276,02 Disposals (23,856) <th< td=""><td>At 31 December 2018</td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	At 31 December 2018						
Net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 - - - - 420,00 Transfer to properties under development (25,783) - - - - - 276,021 (276,02 Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41 Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11 Impairment loss (note (e)) (154,376)	Cost	7,659,764	403,640	186,691	327,396	2,682,558	11,260,049
Year ended 31 December 2019 Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 - - - - 420,000 Transfer to properties under development (25,783) - - - - - 25,78 Transfer to assets held for sale (note (fi)) - - - - - (276,021) (276,021) Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41) Depreciation (463,126) (21,304) (31,276) (53,405) - - (569,11) Impairment loss (note (e))	Accumulated depreciation	(2,079,440)	(158,340)	(119,196)	(149,546)	-	(2,506,522)
Opening net book amount 5,580,324 245,300 67,495 177,850 2,682,558 8,753,52 Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 - - - - 420,00 Transfer to properties under development (25,783) - - - - - - - 276,021 (276,02	Net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527
Additions 96,096 28,731 71,997 108,534 1,607,965 1,913,32 Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 420,00 Transfer to properties under development (25,783) (276,021) (276,02 Transfer to assets held for sale (note (fi)) (276,021) (276,02 Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41 Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11 Impairment loss (note (e)) (154,376) (154,37 Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,95 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,484) Impairment loss (154,376) (154,376) Impairment loss (154,376)	Year ended 31 December 2019						
Acquisition of subsidiaries (note 39) 481,829 22,344 7,848 299,252 1,065,535 1,876,80 Transfer from completed construction projects 486,338 - 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 420,00 Transfer to properties under development (25,783) (276,021) Disposals (23,856) (23,856) (205,091) (2,765) (3,806) (893) (236,41 Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11 Impairment loss (note (e)) (154,376) (154,376) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,956 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,814 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,484) Impairment loss (154,376) (154,376) Impairment loss	Opening net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527
Transfer from completed construction projects 486,338 — 449 120,429 (607,216) Transfer from investment properties (note 7) 420,000 — — — — 420,000 Transfer to properties under development (25,783) — — — — — (276,021) (276,021) (276,021) (276,022) (276,021) (276,022) (276,02	Additions	96,096	28,731	71,997	108,534	1,607,965	1,913,323
Transfer from investment properties (note 7) 420,000 - - - - 420,000 Transfer to properties under development (25,783) - - - - - (25,782) Transfer to assets held for sale (note (fl)) - - - - - (276,021) (276,022) Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,412) Depreciation (463,126) (21,304) (31,276) (53,405) - (569,112) Impairment loss (note (e)) (154,376) - - - - - - - - - (154,376) - - - - - (154,376) -<	Acquisition of subsidiaries (note 39)	481,829	22,344	7,848	299,252	1,065,535	1,876,808
Transfer to properties under development (25,783) - - - - (25,782) Transfer to assets held for sale (note (fl)) - - - - - (276,021) (276,022) Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41) Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11) Impairment loss (note (e)) (154,376) - - - - - - - - - (154,376) -	Transfer from completed construction projects	486,338	_	449	120,429	(607,216)	_
Transfer to assets held for sale (note (f)) Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41) Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11) Impairment loss (note (e)) (154,376) (154,376) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,959 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,811 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,486) Impairment loss (154,376) (154,376)	Transfer from investment properties (note 7)	420,000	_	_	_	_	420,000
Disposals (23,856) (205,091) (2,765) (3,806) (893) (236,41) Depreciation (463,126) (21,304) (31,276) (53,405) — (569,11) Impairment loss (note (e)) (154,376) — — — — — (154,376) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,98 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) — (3,092,48 Impairment loss (154,376) — — — — — — — (154,376)	Transfer to properties under development	(25,783)	_	_	_	_	(25,783)
Depreciation (463,126) (21,304) (31,276) (53,405) - (569,11) Impairment loss (note (e)) (154,376) - - - - - (154,376) Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,950 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,811 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,480) Impairment loss (154,376) - - - - - - - (154,376)	Transfer to assets held for sale (note (f))	_	_	_	_	(276,021)	(276,021)
Impairment loss (note (e))	Disposals	(23,856)	(205,091)	(2,765)	(3,806)	(893)	(236,411)
Closing net book amount 6,397,446 69,980 113,748 648,854 4,471,928 11,701,958 At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,818 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,488) Impairment loss (154,376) - - - - - - - (154,376)	Depreciation	(463,126)	(21,304)	(31,276)	(53,405)	_	(569,111)
At 31 December 2019 Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,48 Impairment loss (154,376) - - - - - (154,376)	Impairment loss (note (e))	(154,376)	-	-	-	-	(154,376)
Cost 9,114,760 234,779 259,237 868,112 4,471,928 14,948,81 Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,48 Impairment loss (154,376) - - - - - (154,376)	Closing net book amount	6,397,446	69,980	113,748	648,854	4,471,928	11,701,956
Accumulated depreciation (2,562,938) (164,799) (145,489) (219,258) - (3,092,48) Impairment loss (154,376) (154,376)	At 31 December 2019						
Impairment loss (154,376) (154,376)	Cost	9,114,760	234,779	259,237	868,112	4,471,928	14,948,816
Impairment loss (154,376) (154,376)	Accumulated depreciation	(2,562,938)	(164,799)	(145,489)	(219,258)	_	(3,092,484)
Not beek amount 6 207 AAC 50 000 112 740 540 054 4 471 020 11 701 05		(154,376)	_	_	_	-	(154,376)
113,140 040,034 4,471,320 11,701,35	Net book amount	6,397,446	69,980	113,748	648,854	4,471,928	11,701,956

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2019	2018
Cost of sales	343,614	363,308
Selling and marketing costs	38,901	37,552
Administrative expenses	186,596	113,655
	569,111	514,515

Notes:

- (a) As at 31 December 2019, buildings of RMB2,347,883,000 (2018: RMB2,527,699,000) were pledged as collateral for the Group's borrowings (note 24).
- (b) During the year ended 31 December 2019, the Group has capitalised borrowing costs amounting to RMB128,196,000 (2018: RMB5,435,000) on property, plant and equipment. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 7.54% (2018: 7.27%).
- (c) During the year ended 31 December 2018, certain property, plant and equipment of RMB400,528,000 and land use right of RMB23,073,000 were transferred to investment property on the inception of operating lease with a revaluation surplus of RMB348,148,000 in the date transferred, which the corresponding revaluation surplus net of tax were recorded in other comprehensive income and consolidated balance sheet respectively of RMB261,111,000 and the deferred tax liabilities of RMB87,037,000.
- (d) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of environmental factories and equipment.
- (e) As at 31 December 2019, a provision of RMB154,376,000 was made to write down the long-term assets held for hotel operation (2018: nil).
- (f) In December 2019, the Group has signed an agreement with a third party to sell a hotel building under construction. As at 31 December 2019, the transaction has not been completed thus the hotel building was reclassified as assets held for sale.

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties

	2019	2018
Opening net book amount	8,804,220	5,886,604
Capitalised subsequent expenditure	52,430	_
Disposals	(57,770)	-
Transfer from completed properties held for sale (note (h))	_	718,580
Transfer from property, plant and equipment (note 6(c))	_	400,528
Transfer from land use rights (note 8)	_	23,073
Transfer to property, plant and equipment (note (i))	(420,000)	(176,920)
Revaluation gains recognised in consolidated income statement	117,070	1,952,355
Closing net book amount	8,495,950	8,804,220
Investment properties:		
 Completed investment properties 	7,205,050	7,550,320
 Investment properties under construction 	1,290,900	1,253,900
Total	8,495,950	8,804,220

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties:

	2019	2018
Rental income	172,630	189,045
Direct operating expenses of investment properties that generated rental income	(91,954)	(95,396)
Direct operating expenses of investment properties that did not generate rental income	(17,690)	(25,598)
	62,986	68,051

As at 31 December 2019, the Group had no unprovided contractual obligations for future repairs and maintenance (2018: nil).

(c) Fair value hierarchy

As at 31 December 2019 and 2018, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year (2018: nil).

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (continued)

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2019 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Valuation techniques

Fair values of completed commercial properties and commercial properties under development are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers, view of recent lettings, within the subject properties and other comparable properties.

Fair values of car parks are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (continued)

(e) Valuation techniques

	Description	Location	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	6,955,850	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	4% 4%~7% 30~998
	Car park	PRC	249,200	Direct comparison method	Market price (RMB/square meter)	3,327~8,407
Investment properties under construction	Retail shop	PRC	1,290,900	Income capitalisation	Budgeted construction costs to be incurred (RMB/square meter)	1,211
					Market rents (RMB/square meter/month)	41~199
					Reversionary yields Discount rate	5% 6%
	Description	Location	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Description Office and retail shop	Location PRC	as at 31 December 2018		Unobservable inputs Term yields Reversionary yields Market rents (RMB/square meter/month)	unobservable
investment	Office and		as at 31 December 2018 7,301,120	techniques	Term yields Reversionary yields Market rents	unobservable inputs 4% 4%~7%
investment	Office and retail shop	PRC	as at 31 December 2018 7,301,120 249,200	Income capitalisation Direct comparison	Term yields Reversionary yields Market rents (RMB/square meter/month) Market price	unobservable inputs 4% 4%~7% 30~972
investment properties Investment properties under	Office and retail shop Car park	PRC PRC	as at 31 December 2018 7,301,120 249,200	Income capitalisation Direct comparison method	Term yields Reversionary yields Market rents (RMB/square meter/month) Market price (RMB/square meter) Budgeted construction costs to be incurred	unobservable inputs 4% 4%~7% 30~972 3,327~8,407

There are inter-relationships between unobservable inputs.

For office and retail shop, increase in term yields and revisionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

For investment properties under construction, increase in budgeted construction costs to be incurred may result in decrease in fair value. Increase in market rent may result in increase of fair value. Increase in market rent may result in increase of fair value.

There are no changes to the valuation technique during the year ended 31 December 2019.

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (continued)

(f) Investment properties pledged as security

As at 31 December 2019, investment properties of RMB5,388,000,000 (2018: RMB5,854,120,000) and certain rights of receiving rental income were pledged as collateral for the Group's borrowings (note 24).

(g) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 42.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

- (h) During the year ended 31 December 2018, certain retail shops were transferred from the completed properties held for sale to investment properties (2019: nil).
- (i) During the year ended 31 December 2019, certain floor areas of office buildings were transferred from investment properties to property, plant and equipment as the Group started to occupy such areas as office.

8 Land use rights

	2019	2018
At 1 January	2,039,236	2,073,655
Adoption of HKFRS 16 as at 1 January 2019	(2,039,236)	_
Additions	_	30,522
Acquisition of subsidiaries	_	90,586
Transfer to properties under development	_	(57,449)
Transfer to investment properties (note 7)	_	(23,073)
Disposals	_	(13,349)
Amortisation		
- Capitalised in construction in progress	_	(5,411)
– Recognised as cost of sales (note 31)	_	(41,222)
- Recognised as expenses (note 31)	-	(15,023)
	_	2,039,236

Notes:

(a) Land use rights comprise cost of acquiring usage rights of certain land, which are located in the PRC, held on leases of over 40 years, and mainly for hotel properties or self-used buildings over fixed periods. On adoption of HKFRS16, the Group has reclassified the land use rights as right-of-use assets as at 1 January 2019.

(All amounts in RMB thousands unless otherwise stated)

9 Lease

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

	31 December	1 January
	2019	2019
Right-of-use assets		
Land use rights (note (i))	2,411,264	2,059,564
Property, plant and equipment	665,945	174,046
	3,077,209	2,233,610
Lease liabilities		
Current	182,411	73,076
Non-current	390,326	121,298
	572,737	194,374

⁽i) The Group has land lease arrangement with mainland China government.

⁽ii) Additions to the right-of-use assets during the 2019 financial year were RMB1,107,398,000.

⁽iii) As at 31 December 2019, land use rights of RMB1,299,379,000 (2018: RMB1,285,839,000) were pledged as collateral for the Group's borrowings (note 24).

(All amounts in RMB thousands unless otherwise stated)

9 Lease (Continued)

(b) Amount recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases.

	2019	2018
Depreciation charge of right-of-use assets		
Land use rights	66,580	
Buildings and equipment	135,057	_
Others	13	-
	201,650	
Interest expense (included in finance cost)	37,006	-
Expense relating to short-term leases and leases of low-value assets		
(included in cost of goods sold and administrative expenses)	48,020	-

The total cash outflow for leases in 2019 was RMB333,497,000.

(c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 30 years.

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

(All amounts in RMB thousands unless otherwise stated)

10 Intangible assets

	Computer software	Trademarks	Operating concessions	Customer relationship	Other intangible assets subtotal	Goodwill (note b)	Total
At 31 December 2017							
Cost	136,348	18,000	_	77,000	231,348	1,303,095	1,534,443
Accumulated amortisation	(69,457)	(1,800)	-	(4,813)	(76,070)	-	(76,070)
Net book amount	66,891	16,200	_	72,187	155,278	1,303,095	1,458,373
Year ended 31 December 2018							
Opening net book amount	66,891	16,200	-	72,187	155,278	1,303,095	1,458,373
Additions	10,900	-	-	-	10,900	-	10,900
Acquisition of subsidiaries							
(note (c))	6,169	52,081	-	66,860	125,110	538,518	663,628
Amortisation (note (a))	(11,364)	(4,293)	-	(16,641)	(32,298)	-	(32,298)
Closing net book amount	72,596	63,988	-	122,406	258,990	1,841,613	2,100,603
At 31 December 2018							
Cost	153,417	70,081	-	143,860	367,358	1,841,613	2,208,971
Accumulated amortisation	(80,821)	(6,093)	-	(21,454)	(108,368)	-	(108,368)
Net book amount	72,596	63,988	-	122,406	258,990	1,841,613	2,100,603
Year ended 31 December 2019							
Opening net book amount	72,596	63,988	_	122,406	258,990	1,841,613	2,100,603
Additions	14,586	-	360,230	-	374,816	-	374,816
Acquisition of subsidiaries							
(note (c), note 39)	8,663	59,825	625,266	346,237	1,039,991	2,055,442	3,095,433
Amortisation (note (a))	(15,794)	(15,834)	(13,465)	(50,512)	(95,605)	-	(95,605)
Closing net book amount	80,051	107,979	972,031	418,131	1,578,192	3,897,055	5,475,247
At 31 December 2019							
Cost	176,666	129,906	985,496	490,097	1,782,165	3,897,055	5,679,220
Accumulated amortisation	(96,615)	(21,927)	(13,465)	(71,966)	(203,973)	-	(203,973)
Net book amount	80,051	107,979	972,031	418,131	1,578,192	3,897,055	5,475,247

(All amounts in RMB thousands unless otherwise stated)

10 Intangible assets (Continued)

Notes:

(a) Amortisation expenses were charged to the following categories in the consolidated income statement:

	2019	2018
Cost of sales	75,457	19,395
Selling and marketing costs	628	817
Administrative expenses	19,520	12,086
	95,605	32,298

(b) The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill as at 31 December 2019 was comprised of the followings:

	2019	2018
Goodwill arising from acquisition of property management companies	1,370,927	1,045,362
Goodwill arising from acquisition of environmental protection companies	2,366,306	688,734
Goodwill arising from other acquisitions	159,822	107,517
	3,897,055	1,841,613

(c) Intangible assets through acquisition of subsidiaries

An independent valuation was performed by an independent valuer to determine the amount of the trademarks, customer relationship and operating concessions. Methods and key assumptions in determining the fair value of trademarks, customer relationship and operating concessions as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets as at 31 December 2019
	valuation technique	Discount rate	as at 31 December 2013
Trademarks	Discounted cash flow	16.6-19.8%	5-20 years
Customer relationship	Discounted cash flow	18.3-19.8%	6-10 years
Operating concessions	Discounted cash flow	3.3-17.3%	3-28 years

As at 31 December 2019, management performed an impairment assessment on the goodwill and other intangible assets. The recoverable amounts have been determined based on value-in-use calculation. The calculation used cash flow projections on financial budgets covering a five-year period for property management companies, environmental protection companies approved by management.

(All amounts in RMB thousands unless otherwise stated)

10 Intangible assets (Continued)

Notes: (continued)

(c) Intangible assets through acquisition of subsidiaries (continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2019 and 2018:

	Property	Environmental	
	management	protection	
	companies	companies	Others
As at 31 December 2019			
Compound annual growth rate of revenue during			
the projection period (%)	3%-41%	3%-77%	3%-17%
EBITDA margin during the projection period (%)	9%-20%	9%-87%	8%-21%
Long term growth rate (%)	3%	3%	3%
Pre-tax discount rate (%)	20%-23%	18%	17%-25%
As at 31 December 2018			
Compound annual growth rate of revenue during			
the projection period (%)	11%-46%	5%-77%	3%-20%
EBITDA margin during the projection period (%)	14%-16%	16%-70%	9%-14%
Long term growth rate (%)	3%	3%	3%
Pre-tax discount rate (%)	19%-21%	16%	20%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Average trade receivables turnover days	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash-generating units

As at 31 December 2019, the recoverable amount of RMB 1,299 million of the property management business operated by Greenland Property Services Co., Ltd., the subsidiary of the Group, calculated based on value-in-use exceeded its carrying value of RMB 1,148 million by RMB 151 million. Decrease by 4.12 percentage points in compound annual growth rate of revenue, decrease by 1.97 percentage points in estimated EBITDA margin, decrease by 3.69 percentage points in estimated long term growth rate, increase by 39.6 days in estimated average trade receivables turnover days or increase by 2.06 percentage points in estimated pre-tax discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2019, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2019 (2018: nil).

(All amounts in RMB thousands unless otherwise stated)

11 Investments accounted for using equity method

The directors of the Group consider that none of the associates and the joint ventures as at 31 December 2019 and 31 December 2018 was significant to the Group and thus the individual financial information of the associates and the joint ventures was not disclosed. The summarised financial information of individually immaterial associates and joint ventures on an aggregate basis is as follows:

The movement of the interests in the associates and the joint ventures during the year is as follows:

	2019	2018
Balance as at 1 January	10,088,353	7,005,735
Additions	2,103,494	3,055,520
Addition through business combination (note 39)	9,915	_
Transfer from a subsidiary (note 37)	2,706,776	-
Transfer to a subsidiary (note (a) and note 39)	(1,834,305)	-
Remeasurement gains on the investment in joint venture (note (a)		
and note 28)	579,449	<u>-</u>
Share of post-tax profits	1,086,246	27,098
Dividends received	(28,739)	-
Balance as at 31 December	14,711,189	10,088,353

The aggregate amounts of the Group's shares of the investments accounted for using the equity method are as follows:

	2019	2018
Gains from continuing operations	1,086,246	27,098
Total comprehensive income	1,086,246	27,098

Notes:

(a) As at 31 December 2019, the Group acquired additional 50% equity interests in a joint venture from the other independent shareholder of the joint venture at the considerations of RMB1,834,305,000 in total. Upon the completion of the acquisition, the joint venture became a wholly owned subsidiary of the Group with a remeasurement gains on the investment in joint venture recognised in amount of RMB579,449,000 (note 28).

As at 31 December 2019, the Group's shares of losses of certain investment companies exceeds its interests in the underlying entities, and the unrecognised share of losses of the associates amounted to RMB169,828,000 (31 December 2018: RMB193,282,000).

The contingent liabilities relating to the Group's investments accounted for using equity method are disclosed in note 40. There is no commitment relating to the Group's investments accounted for using equity method.

(All amounts in RMB thousands unless otherwise stated)

12 Properties under development

	2019	2018
Properties under development expected to be completed:		
- Within one operating cycle included under current assets	79,622,115	73,584,977
– Beyond one operating cycle included under non-current assets	31,742,993	16,936,396
	111,365,108	90,521,373
Properties under development comprise:		
 Construction costs and capitalised expenditures 	22,578,415	16,621,623
 Capitalised interests 	6,488,257	4,919,100
– Land use rights	82,298,436	68,980,650
	111,365,108	90,521,373

Most of the Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 7.54% for the year ended 31 December 2019 (2018: 7.27%).

As at 31 December 2019, a provision of RMB1,561,682,000 was made to write down the properties under development (31 December 2018: RMB1,264,729,000).

As at 31 December 2019, land use rights included in the properties under development with net book value of RMB41,031,375,000 (2018: RMB38,935,943,000) were pledged as collateral for the Group's borrowings (note 24).

13 Completed properties held for sale

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2019, a provision of RMB706,290,000 was made to write down the completed properties held for sale (31 December 2018: RMB677,738,000).

As at 31 December 2019, completed properties held for sale of approximately RMB116,563,000 (2018: RMB94,341,000) were pledged as collateral for the Group's borrowings (note 24).

(All amounts in RMB thousands unless otherwise stated)

14 Financial instruments by category

Assets as per consolidated balance sheet

Financial assets	2019	2018
Financial assets at amortised cost		
– Trade and other receivables excluding prepaid value-added taxes and		
other taxes and prepayments	36,665,090	38,879,109
- Restricted cash	9,003,578	9,285,376
– Cash and cash equivalents	33,551,303	35,776,231
Financial assets at FVPL	1,008,031	3,232,031
Financial assets at FVOCI	262,036	
	80,490,038	87,172,747

Liabilities as per consolidated balance sheet

Financial liabilities	2019	2018
Other financial liabilities at amortised cost		
- Borrowings	96,669,702	88,529,357
- Trade and other payables, excluding staff welfare benefit payable, other		
taxes payable and advances from disposal of subsidiaries	48,040,165	36,439,895
Lease liabilities	572,737	<u>-</u>
Financial liability at FVPL	136,776	13,336
	145,419,380	124,982,588

15 Prepayments for acquisition of land use rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

(All amounts in RMB thousands unless otherwise stated)

16 Trade and other receivables

	2019	2018
Trade receivables (note(a))		
- Associates (note 43(c))	41,829	_
Joint ventures (note 43(c))	548,298	_
- Third parties	7,211,910	6,709,562
Less: allowance for impairment of trade receivables (note 3.1(c))	(73,440)	(32,069)
Total trade receivables	7,728,597	6,677,493
Other receivables due from:		
- Associates (note 43(c))	2,765,175	5,280,259
Joint ventures (note 43(c))	11,545,060	13,516,462
Other related parties (note 43(c))	193,728	195,484
 Non-controlling interests 	1,633,207	1,272,542
- Third parties	12,173,705	10,911,505
Prepaid value-added taxes and other taxes	2,843,320	887,133
Deposits for acquisition of land use rights	844,197	1,117,773
Prepayments	1,033,784	479,686
Less: allowance for impairment of other receivables (note 3.1(c))	(218,579)	(92,409)
Total other receivables	32,813,597	33,568,435
Less: other receivables due from related parties and prepayments for non-		
current assets – non-current portion	(5,182,026)	(12,510,503)
Other receivables-current portion	27,631,571	21,057,932
Trade and other receivables-current portion	35,360,168	27,735,425

As at 31 December 2019, the fair value of trade and other receivables approximated their carrying amounts.

Notes:

(a) Trade receivables mainly arose from sales of properties and provision of property management services. Trade receivables are settled in accordance with the terms stipulated in the property sale and purchase agreements or property management service agreements. As at 31 December 2019 and 2018, the ageing analysis of the trade receivables based on invoice date is as follows:

	2019	2018
Within 90 days	4,803,143	3,662,447
Over 90 days and within 365 days	2,283,793	2,350,270
Over 365 days	715,101	696,845
	7,802,037	6,709,562

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB73,440,000 was made against the gross amounts of trade receivables (2018: RMB32,069,000) (note 3.1(c)).

As at 31 December 2019, trade receivable of approximately RMB1,275,993,000 (31 December 2018: RMB1,519,914,000) were pledged as collateral for Group's borrowings (note 24(d)).

(b) The carrying amounts of trade and other receivables are mainly denominated in RMB.

(All amounts in RMB thousands unless otherwise stated)

17 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2019	2018
Current assets		
Hong Kong listed equity securities and debt instruments	181,691	2,752,310
Unlisted equity securities	326,084	459,721
Wealth management products	430,083	20,000
Others	70,173	
	1,008,031	3,232,031

Notes:

- (a) Amounts recognised in profit or loss
 - Increases in fair values of financial assets at FVPL amounting to RMB999,715,000 are recorded as "other gains, net" (note 28) in the consolidated income statements.
- (b) Risk exposure and fair value measurements
 - Information about the Group's exposure to price risk is provided in note 3.1(e). For information about the methods and assumptions used in determining fair value, please refer to note 3.3.

18 Restricted cash

As at 31 December 2019 and 2018, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2019 and 2018, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

19 Cash and cash equivalents

	2019	2018
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	30,055,563	33,936,231
Short-term bank deposits	3,495,740	1,840,000
	33,551,303	35,776,231
Denominated in RMB (note (a))	26,066,124	33,061,738
Denominated in other currencies	7,485,179	2,714,493
	33,551,303	35,776,231

Note:

(a) The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

(All amounts in RMB thousands unless otherwise stated)

20 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB′000	Total RMB'000
Authorised As at 31 December 2019 and 2018	10,000,000,000	1,000,000			
Issued and fully paid share capital As at 31 December 2019 and 2018	3,917,047,500	391,705	400,253	3,021,630	3,421,883

21 Share Award Scheme

On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust"), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the performance conditions of both the Group and the awardees can be fulfilled and the awardees remain employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. The lapsed shares hold in Share Award Scheme will not be cancelled. As at 31 December 2019, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (2018: RMB156,588,000), which was presented within equity in the consolidated balance sheet. For the year ended 31 December 2019, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance condition were not fulfilled and no awarded shares were vested (2018: nil).

(All amounts in RMB thousands unless otherwise stated)

22 Other reserves

		Statutory reserve and enterprise			
	Merger reserve (note (a))	expansion fund (note (b))	Translation reserve	Others	Total
Balance as at 1 January 2018	442,395	3,026,200	4,425	(2,687,620)	785,400
Transfer from retained earnings Currency translation difference	- -	124,310 -	(6,482)	-	124,310 (6,482)
Transaction with non-controlling interests Capital injection by non-controlling interests (note (c))	_	-	-	(21,670) 1,462,313	(21,670) 1,462,313
Revaluation gain arising from property, plant and equipment transferred to	_	_		1,402,313	1,402,313
investment properties, net of tax	_	_		261,111	261,111
Balance as at 31 December 2018	442,395	3,150,510	(2,057)	(985,866)	2,604,982
Balance as at 1 January 2019 Transfer from retained earnings	442,395 -	3,150,510 753,986	(2,057)	(985,866)	2,604,982 753,986
Currency translation difference Redemption of Perpetual Capital Securities			(1,117)	- (427,512)	(1,117) (427,512)
Changes in the fair value of equity investments at FVOCI, net of tax Acquisition of additional interests in	_	-	_	21,857	21,857
subsidiaries Put options granted during the acquisition	-	-	_	41,250	41,250
of subsidiaries (note (d))	_	_	_	(62,179)	(62,179)
Balance as at 31 December 2019	442,395	3,904,496	(3,174)	(1,412,450)	2,931,267

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for the listing of Company on Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

- (c) A subsidiary of the Group, A-Living issued 333,334,000 H shares at a nominal value of RMB1.00 per share ("A-Living's New Issue"). Such shares were offered at HK\$12.3 per share and listed on the Main Board of the Hong Kong Stock Exchange on 9 February 2018. Net proceeds from A-Living's New Issue amounted to RMB3,199,343,000. The Company's equity interest in A-Living was diluted from 72% to 54% as a result of A-Living's New Issue and A-Living is still the subsidiary of the Company after its listing. The difference between the net proceeds from A-Living's New Issue and the carrying amount of the diluted net assets of RMB1,462,313,000 was recorded as a credit to the other reserves.
- (d) A-Living has granted put options to the non-controlling interests shareholder of its subsidiary, according to which, the non-controlling interests shareholder owned a right of put their shares in the subsidiary back on A-Living at the agreed price after certain period upon satisfaction of certain performance criteria of the subsidiary. The fair value of the put options was debited to the shareholders' equity of the Group.

(All amounts in RMB thousands unless otherwise stated)

23 Perpetual Capital Securities

On 18 January 2013, the Company issued subordinated perpetual capital securities (the "2013 Perpetual Capital Securities") with the aggregate principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$687,432,500 (equivalent to approximately RMB4,321,938,000). The 2013 Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2013 Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2013 Perpetual Capital Securities at the distribution rate as defined in the subscription agreement. On 18 July 2019, the Company redeemed all its outstanding 2013 Perpetual Capital Securities with an aggregate principal amount of US\$700,000,000 at the redemption amount being the outstanding principal amount of the 2013 Perpetual Capital Securities plus accrued distributions.

On 27 March 2018, the Company issued senior perpetual capital securities with the aggregate principal amount of US\$500,000,000. Net proceeds of the perpetual capital securities (the "2018 Perpetual Capital Securities I") after deducting the issuance cost amounted to US\$491,539,000 (equivalent to approximately RMB3,107,957,000). The 2018 Perpetual Capital Securities I do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2018 Perpetual Capital Securities I are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2018 Perpetual Capital Securities I at the distribution rate as defined in the subscription agreement.

On 21 June 2018, the Company issued senior perpetual capital securities (the "2018 Perpetual Capital Securities II") with the principal amount of US\$100,000,000. Net proceeds after deducting the issuance cost amounted to US\$98,005,000 (equivalent to approximately RMB627,151,000). The 2018 Perpetual Capital Securities II do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2018 Perpetual Capital Securities II are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2018 Perpetual Capital Securities II at the distribution rate as defined in the subscription agreement.

On 4 June 2019, the Company issued senior perpetual capital securities (the "2019 Perpetual Capital Securities") with the principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$693,792,000 (equivalent to approximately RMB4,779,956,000). The 2019 Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2019 Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2019 Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.

(All amounts in RMB thousands unless otherwise stated)

23 Perpetual Capital Securities (Continued)

On 31 October 2019, the Company issued senior perpetual capital securities (the "2019 Perpetual Capital Securities II") with the principal amount of US\$500,000,000. Net proceeds after deducting the issuance cost amounted to US\$496,558,000 (equivalent to approximately RMB3,497,619,000). The 2019 Perpetual Capital Securities II do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2019 Perpetual Capital Securities II are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2019 Perpetual Capital Securities II at the distribution rate as defined in the subscription agreement.

On 25 November 2019, the Company issued senior perpetual capital securities (the "2019 Perpetual Capital Securities III") with the principal amount of US\$200,000,000. Net proceeds after deducting the issuance cost amounted to US\$198,730,000 (equivalent to approximately RMB1,399,798,000). The 2019 Perpetual Capital Securities III do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2019 Perpetual Capital Securities III are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2019 Perpetual Capital Securities III at the distribution rate as defined in the subscription agreement.

Movement of the Perpetual Capital Securities is as follows:

	Principal	Distribution	Total
Balance as at 1 January 2018	5,333,154	196,270	5,529,424
Issuance of Perpetual Capital Securities	3,735,108	-	3,735,108
Profit attributable to holders of Perpetual Capital Securities	_	676,906	676,906
Distribution made to holders of Perpetual Capital Securities	_	(595,347)	(595,347)
Redemption of Perpetual Capital Securities	(1,011,216)	_	(1,011,216)
Balance as at 31 December 2018	8,057,046	277,829	8,334,875
Balance as at 1 January 2019	8,057,046	277,829	8,334,875
Issuance of Perpetual Capital Securities	9,677,373	_	9,677,373
Profit attributable to holders of Perpetual Capital Securities	_	850,225	850,225
Distribution made to holders of Perpetual Capital Securities	_	(990,199)	(990,199)
Redemption of Perpetual Capital Securities (note (a))	(4,305,407)	_	(4,305,407)
Balance as at 31 December 2019	13,429,012	137,855	13,566,867

Note:

⁽a) On 18 July 2019, the Company redeemed certain portion of the outstanding Perpetual Capital Securities at a redemption price of RMB4,810,120,000. No redemption premium was recognised in the consolidated income statement. The difference of RMB504,713,000 between the redemption price and the principal of the redeemed Perpetual Capital Securities was mainly attributable to exchange difference and RMB427,512,000 of those debited to other reserves while RMB77,201,000 debited to retained earnings.

(All amounts in RMB thousands unless otherwise stated)

24 Borrowings

	2019	2018
Borrowings included in non-current liabilities:		
Senior notes (note (a))		
- Senior notes issued in 2015 ("2015 Senior notes") (note (a)(i))	3,468,738	3,404,973
- Senior notes issued in 2017 ("2017 Senior notes") (note (a)(ii))	1,381,795	1,353,991
- Senior notes issued in 2018 ("2018 Senior notes I") (note (a)(iii))	4,163,067	4,082,123
- Senior notes issued in 2018 ("2018 Senior notes II") (note (a)(iv))	2,774,113	2,710,393
- Senior notes issued in 2019 ("2019 Senior notes") (note (a)(v))	3,464,656	_
PRC corporate bonds (note (b))	8,567,219	8,556,251
Commercial mortgage backed securities (note (c))	4,084,182	4,073,272
Asset-backed securities (note (d))	904,408	1,054,866
Long-term syndicated loans		
- secured (note (e))	15,302,192	16,569,611
- unsecured (note (f))	1,513,829	3,189,536
Long-term bank borrowings		
- secured (note (e))	22,550,460	19,355,402
- unsecured (note (f))	9,123,273	7,702,072
Other borrowings		
- secured (note (e))	8,598,962	5,520,670
- unsecured (note (f))	1,189,710	1,002,295
Less: current portion of non-current borrowings	(32,713,984)	(25,378,970)
	54,372,620	53,196,485
Borrowings included in current liabilities:		
Short-term bank borrowings		
- secured (note (e))	2,495,166	1,778,944
- unsecured (note (f))	1,854,931	1,196,538
Short-term other borrowings		
- secured (note (e))	4,983,001	5,974,120
- unsecured (note (f))	250,000	1,004,300
Current portion of non-current borrowings	32,713,984	25,378,970
	42,297,082	35,332,872
Total borrowings	96,669,702	88,529,357

(All amounts in RMB thousands unless otherwise stated)

24 Borrowings (Continued)

Notes:

(a) Senior Notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries are approximately RMB4,393,620,000 as at 31 December 2019 (2018: RMB4,026,301,000).

(i) 2015 Senior Notes

On 21 May 2015, the Company issued 9% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,056,850,000) at 99.507% of the face value. The net proceeds, after deducting the issuance costs, amounted to US\$490,391,000 (equivalent to approximately RMB2,998,104,000). The 2015 Senior Notes will mature on 21 May 2020. The Company, at its option, can redeem all or a portion of the 2015 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(ii) 2017 Senior Notes

On 14 August 2017, the Company issued 5.125% senior notes with an aggregated nominal value of US\$200,000,000 (equivalent to approximately RMB1,332,020,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$196,125,000 (equivalent to approximately RMB1,306,210,000). The 2017 Senior Notes will mature on 14 August 2022. The Company, at its option, can redeem all or a portion of the 2017 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(iii) 2018 Senior Notes I

On 18 July 2018, the Company issued 8.5% senior notes with an aggregated nominal value of US\$600,000,000 (equivalent to approximately RMB4,040,064,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$593,557,000 (equivalent to approximately RMB3,997,108,000). The 2018 Senior Notes I will mature on 18 July 2021. The Company, at its option, can redeem all or a portion of the 2018 Senior Notes I at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(iv) 2018 Senior Notes II

On 23 November 2018, the Company issued 9.5% senior notes with an aggregated nominal value of US\$400,000,000 (equivalent to approximately RMB2,772,240,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$394,533,000 (equivalent to approximately RMB2,734,182,000). The 2018 Senior Notes II will mature on 23 November 2020. The Company, at its option, can redeem all or a portion of the 2018 Senior Notes II at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(v) 2019 Senior Notes

On 7 March 2019, the Company issued 6.7% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,355,500,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$495,429,000 (equivalent to approximately RMB3,324,823,000). The 2019 Senior Notes will mature on 7 March 2022. The Company, at its option, can redeem all or a portion of 2019 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(All amounts in RMB thousands unless otherwise stated)

24 Borrowings (Continued)

Notes: (continued)

(b) PRC Corporate Bonds

On 11 January 2016, a PRC subsidiary (the "Issuer") of the Company issued 4.7% corporate bonds with an aggregate amount of RMB1,600,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,584,080,000. On 14 January 2019, the Issuer redeemed the bond in an aggregate principal amount of RMB12,228,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 11 January 2021 at the coupon rate of 6.95%.

On 29 July 2016, the Company issued 4.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,970,000,000. The bonds will mature on 29 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds. On 30 July 2018, the Company completed the repurchase and cancellation of 20,300,000 the non-public Domestic Corporate Bonds in an aggregate principal amount of RMB2,030,000,000. There are 9,700,000 Domestic Bonds in an aggregate principal amount of RMB970,000,000 outstandings.

On 11 October 2016, the Company issued 4.6% corporate bonds with an aggregate amount of RMB1,800,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,787,250,000. On 11 October 2019, the Issuer redeemed the bond in an aggregate principal amount of RMB570,000,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 11 October 2021 at the coupon rate of 6.90%.

On 11 October 2016, the Company issued 5.7% corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,192,500,000. The bonds will mature on 11 October 2023. The Company shall be entitled to adjust the coupon rate at the end of the fifth year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 12 July 2017, the Company issued 6.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,976,735,000. On 12 July 2019, the Issuer redeemed the bond in an aggregate principal amount of RMB351,000,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 12 July 2020 at the coupon rate of 6.60%.

(c) Commercial Mortgage Backed Securities

A PRC subsidiary of the Company engaged in commercial property operation entered into Commercial Mortgage Backed Securities ("CMBS") arrangement with an assets management company by pledging of the receivables for certain properties under its operation as well as the building, the land use right and the investment property. On 10 April 2018, the CMBS was formally established with an aggregate nominal value of RMB4,600,000,000, with an 18-year maturity, amongst which RMB500,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB4,066,700,000.

(d) Panyu Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu asset-backed securities ("ABS") arrangement with an assets management company by pledging of the receivables for certain properties under its management. On 1 September 2017, the Panyu ABS was formally established with an aggregate nominal value of RMB1,111,500,000, with a 3-year maturity, amongst which RMB55,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB1,053,653,000. On 1 September 2019, the Company completed the repurchase and cancellation of the Panyu ABS in an aggregate principal amount of RMB905,076,000 outstandings.

- (e) As at 31 December 2019, the Group's borrowings were secured by certain of its cash, trade receivables, land use rights, self-used properties, completed properties held for sale, properties under development, investment properties and the shares of subsidiaries and equity interests.
- (f) As at 31 December 2019, the unsecured borrowings of RMB13,931,743,000 were jointly guaranteed by certain subsidiaries of the Group.

(All amounts in RMB thousands unless otherwise stated)

24 Borrowings (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2019	2018
6 months or less	37,252,232	28,420,199
6-12 months	18,219,867	19,357,155
1-5 years	41,197,603	40,752,003
	96,669,702	88,529,357

The carrying amounts of the borrowings with the respective effective interest rates:

	20	19	20	18
		Effective		Effective
	RMB'000	interest rate	RMB'000	interest rate
Senior notes	15,252,369	8.55%	11,551,480	8.47%
Borrowings excluding Senior notes	81,417,333	6.85%	76,977,877	6.30%
	96,669,702		88,529,357	

The carrying amounts and fair value of the non-current borrowings are as follows:

	201	19	20	18
	Carrying amount Fair value		Carrying amount	Fair value
Senior notes (note (i)) PRC public corporate bond (note (ii))	15,252,369 1,599,885	15,872,250 1,628,160	11,551,480 1,599,830	11,791,938 1,598,400
Bank borrowings, syndicated loans and other borrowings and others (note (iii))	37,520,366	37,520,366	40,045,175	40,045,175
	54,372,620	55,020,776	53,196,485	53,435,513

Notes:

- (i) The fair value of senior notes is determined directly by references to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2019, the last dealing date of 2019 and is within level 1 of the fair value hierarchy.
- (ii) The fair value of RMB1,600,000,000 PRC public corporate bond is determined directly by references to the price quotations published by the China Securities Index Co., Ltd on 31 December 2019, the last dealing date of 2019 and is within level 1 of the fair value hierarchy.
- (iii) The fair values of non-current bank borrowings, syndicated loans, other borrowings and others approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 6.85% (2018: 6.33%), and are within level 2 of the fair value hierarchy.

(All amounts in RMB thousands unless otherwise stated)

24 Borrowings (Continued)

At 31 December 2019, the Group's borrowings were repayable as follows:

	2019	2018
Within 1 year	42,297,082	35,332,872
Between 1 and 2 years	29,572,885	19,059,355
Between 2 and 5 years	21,117,672	28,047,755
Over 5 years	3,682,063	6,089,375
	96,669,702	88,529,357

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019	2018
RMB	55,092,913	52,336,228
HK dollar	21,017,348	21,561,454
US dollar	18,523,302	14,128,683
MYR	436,944	502,992
MOP	1,599,195	_
	96,669,702	88,529,357

The Group has the following undrawn borrowing facilities:

	2019	2018
Floating rate:		
– Expiring beyond one year	6,404,000	2,733,000

25 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2019	2018
Deferred income tax assets to be recovered after more than 12 months	1,113,509	1,171,692
Deferred income tax assets to be recovered within 12 months	421,542	366,688
Set-off of deferred tax liabilities pursuant to set-off provisions	(184,281)	(104,398)
	1,350,770	1,433,982
Deferred income tax liabilities to be settled after more than 12 months	(3,339,348)	(1,960,798)
Deferred income tax liabilities to be settled within 12 months	(24,713)	(27,685)
Set-off of deferred tax liabilities pursuant to set-off provisions	184,281	104,398
	(3,179,780)	(1,884,085)
Deferred income tax liabilities, net	(1,829,010)	(450,103)

(All amounts in RMB thousands unless otherwise stated)

25 Deferred income tax (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – tax losses	Deferred tax assets – write-down of completed held for sale properties and properties under development	Temporary differences arising from trade and other receivables and contract assets	Deferred tax assets – unrealised profit on intra-group transactions	Deferred tax liabilities – excess of carrying amount of investment properties and property, plant and equipment over the tax bases	Deferred tax liabilities - excess of carrying amount of intangible assets over the tax bases	Deferred tax liabilities – excess of fair value of financial assets over the tax bases	Deferred tax liabilities - excess of carrying amount of land use right over the tax bases	Net
At 1 January 2018	846,757	113,175	2,174	194,611	(1,055,201)	(22,097)	(26,543)	(240,711)	(187,835)
Acquisition of subsidiaries (Charged)/credited to the consolidated income	-	-	168	-	-	(33,132)			(32,964)
statement Charged to other	(188,689)	372,443	25,664	172,077	(497,091)	4,872	(39,092)	7,549	(142,267)
comprehensive income	-	-	-	-	(87,037)	-	-	-	(87,037)
At 31 December 2018	658,068	485,618	28,006	366,688	(1,639,329)	(50,357)	(65,635)	(233,162)	(450,103)
Acquisition of subsidiaries Credited to/(Charged) the consolidated income	13,251	-	-	-	-	(136,158)	-	(1,021,894)	(1,144,801)
statement	129,211	(238,039)	37,394	54,854	(41,928)	26,922	11,852	(210,053)	(229,787)
Charged to other comprehensive income	-	-	-	-	-	-	(4,319)	-	(4,319)
At 31 December 2019	800,530	247,579	65,400	421,542	(1,681,257)	(159,593)	(58,102)	(1,465,109)	(1,829,010)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB900,278,000 (2018: RMB445,471,000) in respect of tax losses amounting to RMB3,601,112,000 (2018: RMB1,781,884,000) that can be carried forward against future taxable income. Tax losses of approximately RMB137,856,000, RMB525,860,000, RMB331,496,000, RMB744,416,000 and RMB1,861,484,000 will expire in 2020, 2021, 2022, 2023 and 2024 respectively.

Deferred income tax liabilities of RMB2,056,483,000 (2018: RMB1,629,564,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB41,129,660,000 (2018: RMB32,591,280,000) of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the oversea intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

185

(All amounts in RMB thousands unless otherwise stated)

26 Trade and other payables

	2019	2018
Trade payables (note (a))	21,276,425	16,852,035
Other payables due to:		
 Related parties (note 43(c)) 	8,193,454	5,590,518
 Non-controlling interests 	3,200,722	3,596,848
- Third parties (note (b))	13,935,941	8,935,399
Staff welfare benefit payable	1,073,575	797,198
Accruals	1,433,623	1,465,095
Advances from disposal of subsidiaries	2,681,106	987,700
Other taxes payable	4,324,850	4,309,178
Total trade and other payables	56,119,696	42,533,971
Less: other payables – non-current portion	(2,201,976)	_
Trade and other payable – current portion	53,917,720	42,533,971

Notes:

(a) The ageing analysis of the trade payables of the Group as at 31 December 2019 is as follows:

	2019	2018
Within 90 days	13,440,152	13,387,512
Over 90 days and within 180 days	6,265,677	2,729,635
Over 180 days and within 365 days	966,394	559,318
Over 365 days	604,202	175,570
	21,276,425	16,852,035

⁽b) The other payables to third parties mainly include: (i) the deposits received from third parties for potential equity cooperation in certain property development projects; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured and repayable according to terms and conditions mutually agreed with the counter parties.

27 Financial liabilities at fair value through profit or loss

As at 31 December 2019, the Group had the following financial liabilities at fair value through profit or loss:

	2019	2018
Non-current portion:		
- Derivative financial instruments	12,656	6,144
- Put options	70,436	_
	83,092	6,144
Current portion:		
– Derivative financial instruments	53,684	7,192

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2019 were US\$4,490,000,000, approximating to RMB31,323,138,000 in total (2018: US\$3,200,000,000, approximating to RMB21,962,240,000).

During the year ended 31 December 2019, increase in fair value of derivative financial instruments of RMB200,212,000 have been recorded in "finance cost, net" in the consolidated income statement (note 33).

(All amounts in RMB thousands unless otherwise stated)

28 Other gains, net

	2019	2018
Gain from disposal of a subsidiary (note 37)	2,988,981	_
Fair value gains/(losses) on financial assets at FVPL	999,715	(352,434)
Remeasurement gain resulting from a joint venture transferred		
to a subsidiary (note 11)	579,449	_
Fair value gains on investment properties (note 7)	117,070	1,952,355
Exchange gains, net (note (a))	85,975	327,177
Gains on disposal of property, plant and equipment and		
investment properties	6,682	23,330
Miscellaneous	24,292	35,825
	4,802,164	1,986,253

Note:

29 Other income

	2019	2018
Interest income (note (a))	654,422	328,104
Interest income from related parties (note 43(b))	354,619	376,136
Government grants	137,660	39,468
Dividend income from financial assets at FVPL	66,904	171,751
Forfeited deposits from customers	14,206	22,374
Miscellaneous	54,726	102,201
	1,282,537	1,040,034

Note:

30 Other expenses

	2019	2018
Charitable donations	116,350	120,553
Compensation expenses	78,869	94,398
Miscellaneous	33,081	42,051
	228,300	257,002

⁽a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the "finance costs, net" (note 33).

a) Interest income was derived from bank deposit from reputable PRC banks and wealth management products.

(All amounts in RMB thousands unless otherwise stated)

31 Expenses by nature

	2019	2018
Cost of properties sold – including construction cost, land cost and		
capitalised interests	37,643,769	26,812,567
Employee benefit expenses – including directors' emoluments (note 32)	4,953,010	3,792,819
- Property development	2,408,632	1,928,991
– Property management	2,046,866	1,472,514
- Hotel operations	270,392	258,412
– Environmental protection	227,120	132,902
Depreciation (note 6 & note 9)	770,761	514,515
Amortisation (note 8 & note 10)	95,605	88,543
Write-down of completed properties held for sale and properties under		
development	325,505	1,489,770
Impairment of property, plant and equipment (note 6)	154,376	_
Auditors' remunerations	18,254	19,846
- Audit services	11,825	11,100
- Non-audit services	6,429	8,746
Advertising costs	800,004	676,097
Commission fee	513,681	1,004,018
Cleaning expenses	412,207	283,519
Other taxes	294,981	358,910
Other levies on sales of properties	241,728	331,998
Utilities	200,287	177,745
Maintenance costs	176,816	170,169
Operating lease payments	48,020	78,169
Others	1,257,168	899,922
Total cost of sales, selling and marketing costs and administrative expenses	47,906,172	36,698,607

(All amounts in RMB thousands unless otherwise stated)

32 Employee benefit expense

	2019	2018
Wages and salaries	4,287,253	3,286,378
Pension costs – statutory pension (note (a))	279,722	215,724
Staff welfare	129,381	99,414
Medical benefits	80,769	58,542
Other allowances and benefits	175,885	132,761
	4,953,010	3,792,819

Notes:

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2018: two) directors whose emoluments are reflected in the analysis shown in note 48. The emoluments payable to the remaining three (2018: three) individuals during the year are as follows:

	2019	2018
Salary Contribution to pension scheme	19,105 178	21,453 132
	19,283	21,585

The emoluments fell within the following bands:

Number of individuals

	2019	2018
Emolument bands (in HK dollar)		
HK\$ 6,000,001 – HK\$ 6,500,000	1	<u>-</u>
HK\$ 7,000,001 – HK\$ 7,500,000	_	1
HK\$ 7,500,001 – HK\$ 8,000,000	1	
HK\$ 8,000,001 – HK\$ 8,500,000	1	1
HK\$ 8,500,001 – HK\$ 9,000,000	_	_
HK\$ 10,000,001 – HK\$ 10,500,000	_	1
HK\$ 11,500,001 – HK\$ 12,000,000	_	_

⁽c) During the years ended 31 December 2019 and 2018, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

(All amounts in RMB thousands unless otherwise stated)

33 Finance costs, net

	2019	2018
Interest expense:		
- Bank borrowings, syndicated loans and other borrowings	4,965,759	3,571,673
– Senior notes	1,244,227	578,539
– PRC Corporate Bonds, ABS and CMBS	868,948	906,165
 Lease liabilities 	37,006	-
Less: interest capitalised	(4,935,466)	(3,657,861)
Exchange losses from borrowings	854,174	1,738,800
Less: exchange losses capitalised	(304,612)	(491,031)
Changes in fair value of derivative financial instruments (note 27)	(200,212)	98,068
	2,529,824	2,744,353

34 Income tax expenses

	2019	2018
Current income tax:		
– PRC corporate income tax	3,219,748	3,802,299
– PRC land appreciation tax	3,875,741	6,838,137
 PRC withholding income tax 	37,652	260,579
Deferred income tax (note 25)		
– PRC corporate income tax	244,663	153,933
– Hong Kong profits tax	(14,876)	(11,666)
	7,362,928	11,043,282

(All amounts in RMB thousands unless otherwise stated)

34 Income tax expenses (Continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the Group entities as follows:

	2019	2018
Profit before income tax	16,596,174	19,401,099
Tax calculated at tax rates applicable to profits in the respective entities		
of the Group	3,658,662	4,602,786
Tax effects of:		
– Tax effect of super deduction	(6,747)	-
– Associates' results reported net of tax	4,104	(5,574)
- Joint ventures' results reported net of tax	(275,665)	(1,200)
- Income not subject to income tax (note (a))	(24,945)	(18,958)
- Expenses not deductible for income tax (note (b))	597,690	890,942
- PRC land appreciation tax deductible for calculation of income tax purposes	(968,935)	(1,709,534)
- Tax losses for which no deferred income tax asset was recognised	465,371	186,104
PRC corporate income tax	3,449,535	3,944,566
PRC withholding income tax	37,652	260,579
PRC land appreciation tax	3,875,741	6,838,137
	7,362,928	11,043,282

Notes:

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

⁽a) Income not subject to income tax for the years ended 31 December 2019 and 2018 mainly comprise the interest income of bank deposits.

⁽b) Expenses not deductible for income tax for the year ended 31 December 2019 mainly comprise administrative expense of domestic companies over deduction limits, donations made to non-official public welfare institutions, the loss of trading stock, exchange loss and expenses of the Group entities in Hong Kong and Malaysia (2018: same).

(All amounts in RMB thousands unless otherwise stated)

34 Income tax expenses (Continued)

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2019, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Except for provision for the fair value gains of financial assets at FVPL, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the Group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

Preferential tax rate

Certain companies of the Group in the PRC, were qualified as "High and New Technology Enterprises" under the CIT law, and they are entitled to a preferential income tax rate of 15%. Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies are entitled to a preferential income tax rate of a "Three Exemptions and Three 50% Reductions".

35 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2019	2018
Profit attributable to shareholders of the Company	7,511,794	7,125,007
Weighted average number of ordinary shares in issue less shares held for		
Share Award Scheme (thousands)	3,882,578	3,882,578
Basic earnings per share (RMB per share)	1.935	1.835

(All amounts in RMB thousands unless otherwise stated)

35 Earnings per share (Continued)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2019 and 2018, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

36 Dividends

	2019	2018
Interim dividend paid of HK\$0.60 (2018: HK\$0.50) per ordinary share (note(a)) Less: Dividend for shares held for Share Award Scheme	2,124,946 (18,700)	1,705,463 (14,746)
	2,106,246	1,690,717
Proposed final dividend of HK\$0.40 (2018: HK\$0.50) per ordinary share (note(b)) Less: Dividend for shares held for Share Award Scheme	1,434,470 (12,623)	1,681,354 (15,123)
	1,421,847	1,666,231

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2019 of HK\$0.60 per ordinary share, approximately HK\$2,350,229,000 (equivalent to RMB2,124,946,000) was declared by the Board of Directors of the Company (2018: HK\$1,958,524,000 equivalent to RMB1,705,463,000).
- (b) A final dividend in respect of 2018 of HK\$0.50 per ordinary share approximately HK\$1,958,524,000 (equivalent to RMB1,681,354,000) was declared at the Annual General Meeting of the Company on 10 May 2019, of which HK\$17,235,000 (equivalent to RMB15,123,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

A final dividend in respect of 2019 of HK\$0.40 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 11 May 2020. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

(All amounts in RMB thousands unless otherwise stated)

37 Disposal of a subsidiary

During the year ended 31 December 2019, the Group disposed of 34% of equity interests in a wholly owned subsidiary (the "Disposed Project") to an independent buyer (the "Buyer") at a total consideration of RMB1,394,400,000. The Group lost control over the Disposed Project and according to the shareholders agreement, the Group is eligible to exercise joint control over the Disposed Project together with the Buyer. The Group accounted for the Disposed Project as a joint venture and recorded disposal gain of RMB2,988,981,000 (note 28) on 30 June 2019 when the transaction was completed. Details of the disposal are as follows:

	2019
Disposal considerations	
– Cash received	1,394,400
 Fair value of remaining equity interests in Disposed Project 	2,706,776
	4,101,176
Less:	
- total net assets of a subsidiary disposed of	(1,082,195)
 consulting expenses directly related to the transaction 	(30,000)
Gains from disposal of a subsidiary	2,988,981
Cash proceeds from disposal, net of cash disposed of	
Cash consideration received	1,394,400
Less:	
- cash and cash equivalents in the subsidiary disposed of	(205,495)
- advances from disposal of a subsidiary	(987,700)
– amount due to the Buyer	(406,700)
- consulting fees related to the transaction directly	(30,000)
Net cash outflow on disposals	(235,495)

(All amounts in RMB thousands unless otherwise stated)

38 Cash flow information

(a) Cash generated from operations

	2019	2018
Profit for the year	9,233,246	8,357,817
Adjustments for:		
Taxation	7,362,928	11,043,282
Interest income (note 29)	(1,009,041)	(704,240)
Depreciation of property, plant and equipment (note 6)	569,111	514,515
Amortisation of intangible assets (note 10)	95,605	32,298
Amortisation of land use rights (note 8)	_	56,245
Depreciation of right-of-use assets (note 9)	201,650	-
Write-down of completed properties held for sale and properties		
under development (note 31)	325,505	1,489,770
Write-down of property, plant and equipment (note 31)	154,376	-
Net impairment losses on financial and contract assets	149,574	97,250
Gains on disposal of investment properties and property, plant and		
equipment (note 28)	(6,682)	(23,330)
Net exchange gains (note 28)	(85,975)	(79,037)
Fair value gains on investment properties (note 28)	(117,070)	(1,952,355)
Share of post-tax profit of investments accounted for using the equity		
method (note 11)	(1,086,246)	(27,098)
Finance costs, net (note 33)	2,529,824	2,744,353
Gains from disposal of a subsidiary (note 28)	(2,988,981)	_
Remeasurement gains resulting from a joint venture transfer to a		
subsidiary (note 28)	(579,449)	_
Fair value (gains)/losses on financial assets at FVPL (note 28)	(999,715)	352,434
Revenue from operating concessions construction	(360,230)	_
Changes in working capital:		
Property under development and completed properties held for sales	(19,974,666)	(23,088,337)
Prepayments for acquisition of land use rights	(5,482,288)	1,612,784
Restricted cash	(388,475)	1,376,799
Trade and other receivables	(1,175,972)	(4,744,729)
Trade and other payables and accruals	6,823,879	12,585,762
Advanced proceeds received from customers	-	(19,460,971)
Contract assets	(930,841)	(448,715)
Contract liabilities	8,747,116	25,489,558
Cash generated from operations	1,007,183	15,224,055

(All amounts in RMB thousands unless otherwise stated)

38 Cash flow information (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt

	2019	2018
Cash and cash equivalents	33,551,303	35,776,231
Financial assets at FVPL	1,008,031	3,232,031
Borrowings – repayable within one year	(42,297,082)	(35,332,872)
Borrowings – repayable after one year	(54,372,620)	(53,196,485)
Lease liabilities	(572,737)	_
Net debt	(62,683,105)	(49,521,095)
Cash and cash equivalents	33,551,303	35,776,231
Financial assets at FVPL	1,008,031	3,232,031
Gross debt – fixed interest rates	(46,373,957)	(39,766,004)
Gross debt – variable interest rates	(50,295,745)	(48,763,353)
Lease liabilities	(572,737)	-
Net debt	(62,683,105)	(49,521,095)

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings	Other payables-related parties	Other payable-non-cotrolling interests	Lease liabilities	Dividends payable	Total
As at 1 January 2019	88,529,357	5,590,518	3,596,848	_	492	97,717,215
Cash flows						
 Inflow from financing activities 	48,248,554	3,636,493	1,898,876	-	-	53,783,923
 Outflow from financing activities 	(42,799,664)	(495,538)	(2,295,002)	(285,477)	(4,123,576)	(49,999,257)
Non-cash changes						
 Finance expense recognised 	1,251,523	_	_	37,006	-	1,288,529
 Acquisition of subsidiaries 	2,304,349	(2,779,309)	_	_	_	(474,960)
- Disposal of a subsidiary	(880,000)	2,241,290	_	_	_	1,361,290
 Addition of lease liabilities 	-	_	_	821,208	_	821,208
 Accrued dividends 	_	_	_	_	4,123,576	4,123,576
- Other non-cash movement	15,583	-	_	-	100	15,683
As at 31 December 2019	96,669,702	8,193,454	3,200,722	572,737	592	108,637,207

(All amounts in RMB thousands unless otherwise stated)

39 Business combination

During the year ended 31 December 2019, the Group completed several acquisitions of equity interests in certain companies, mainly included a property development company, property management companies, environmental protection companies and others, at consideration of RMB8,441,033,000 in aggregate. Goodwill of RMB2,055,442,000 and identifiable net assets of RMB6,385,591,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

Details of the purchase consideration, the net asset acquired and goodwill are as follow:

	Total
Consideration	
Cash paid	3,858,234
Waiver of receivables from joint venture partner	1,684,218
Fair value of investments in joint ventures held before business combination	1,834,305
Consideration payable	1,064,687
Contingent consideration	(411)
	8,441,033
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,056,984
Financial assets at FVPL	16,000
Property, plant and equipment (note 6)	1,876,808
Intangible assets (note 10)	1,039,991
Investments accounted for using the equity method (note 11)	9,915
Inventories	765,124
Properties under development	7,074,543
Right-of-use assets (note 9)	269,946
Trade and other receivables	5,151,521
Deferred income tax assets	13,251
Trade and other payables	(6,501,266)
Contract liabilities	(86,607)
Borrowings	(2,304,349)
Deferred income tax liabilities	(1,158,052)
Total identifiable net assets	7,223,809
Non-controlling interests	(838,218)
Identifiable net assets attributable to the Company	6,385,591
Goodwill (note 10)	2,055,442

(All amounts in RMB thousands unless otherwise stated)

39 Business combination (Continued)

Net cash outflow arising on acquisition during the year ended 31 December 2019:

	Total
Cash paid	3,858,234
Less: contingent consideration	(411)
Less: cash considerations paid in prior year	(264,434)
Cash considerations paid in the year	3,593,389
Less: cash and cash equivalents in the subsidiaries acquired	(1,056,984)
Cash outflow in the year	2,536,405

The acquired businesses contributed revenues of RMB5,722,050,000 and net profits of RMB264,753,000 to the Group for the period from the respective acquisition date to 31 December 2019.

If the acquisitions had occurred on 1 January 2019, the Group's consolidated pro-forma revenue and profit for the year ended 31 December 2019 would have been RMB11,028,261,000 and of RMB1,540,322,000, respectively.

No contingent liability has been recognised for the business combination.

40 Financial guarantee

	2019	2018
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	38,294,381	44,775,365
Guarantee in respect of borrowings of associates (note (b) and note 43(b))	1,096,112	424,095
Guarantee in respect of borrowings of joint ventures (note (c) and note 43(b))	5,831,507	6,244,840
Guarantees in respect of borrowings of third parties (note (d))	1,487,074	-
	46,709,074	51,444,300

Notes:

(a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2019, the outstanding guarantees amounted to RMB38,294,381,000 (2018: RMB44,775,365,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate was RMB3,100,493,000 as at 31 December 2019 (2018: RMB73,023,000).

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the joint ventures was RMB13,308,149,000 as at 31 December 2019 (2018: RMB3,407,138,000).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

(All amounts in RMB thousands unless otherwise stated)

40 Financial guarantee (Continued)

Notes: (Continued)

- (b) Several subsidiaries of the Group and associate counter parties have provided certain guarantees in proportion of their shareholding in associates in respect of loan facilities amounting to RMB2,843,700,000 (2018: RMB848,190,000). The Group's share of the guarantees amounted to RMB1,096,112,000 (2018: RMB424,095,000).
- (c) Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB12,423,440,000 (2018: RMB13,779,000,000). The Group's share of the guarantees amounted to RMB5,831,507,000 (2018: RMB6,244,840,000).
- (d) The Company provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB1,487,074,000 (31 December 2018: nil).

41 Commitments

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
Property, plant and equipment:		
– Not later than one year	_	89,534
– Later than one year and not later than five years	-	139,519
	_	229,053
	2019	2018
Lease of areas adjacent to the property development projects:		
– Not later than one year	_	850
– Later than one year and not later than five years	_	3,850
– Later than five years	-	29,000
	_	33,700
	2019	2018
Lease of the land use right for ancillary facilities:		
– Not later than one year	_	2,131
– Later than one year and not later than five years	_	8,717
– Later than five years	_	21,969
	_	32,817

(All amounts in RMB thousands unless otherwise stated)

41 Commitments (Continued)

(b) Other commitments

	2019	2018
Contracted but not provided for		
- Property development activities	16,406,314	29,659,316
 Acquisition of land use rights 	10,020,111	6,311,197
– Property, plant and equipment	813,471	1,265,020
– Other intangible assets	2,705	3,060
	27,242,601	37,238,593

42 Future minimum rental payments receivable

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2019	2018
Not later than one year	158,260	216,925
Later than one year and not later than five years	388,876	328,756
Over five years	98,857	161,592
	645,993	707,273

43 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Full Choice Investments Limited	The ultimate holding company of the Group
Top Coast Investment Limited	The intermediate holding company of the Group
The Founding Shareholders are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note (i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i)) 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Foshan Changzhong Real Estate Development Co., Ltd. (note (i)) 佛山市昌重房地產開發有限公司	Associate of the Group
Foshanshi Sanshuiqu Qingmei Real Estate Co.,Ltd. (note (i)) 佛山市三水區擎美房地產有限公司	Associate of the Group
Foshan Yaxu Real Estate Development Co., Ltd. (note (i)) 佛山雅旭房地產開發有限公司	Associate of the Group
Fuzhou Shengquan Real Estate Development Co., Ltd. (note (i)) 福州盛全房地產開發有限公司	Associate of the Group
Xinxingxian Country Garden Real Estate Development Co., Ltd. (note (i)) 新興縣碧桂園房地產開發有限公司	Associate of the Group
Sichuan Yacan Real Estate Development Co., Ltd. (note (i)) 四川雅燦房地產開發有限公司	Associate of the Group
Jinzhongshi Jinhong Yubao Real Estate Development Co., Ltd. (note (i)) 晉中市錦洪裕寶房地產開發有限責任公司	Associate of the Group
Haimen Xinya Real Estate Development Co., Ltd. (note (i)) 海門新雅房地產開發有限公司	Associate of the Group
Sichuan Yaheng Real Estate Development Co., Ltd. (note (i)) 四川雅恒房地產開發有限公司	Associate of the Group
Nantongshi Tongzhouqu Dongju Land Co., Ltd. (note (i)) 南通市通州區東居置業有限公司	Associate of the Group
Dali Meizhao Real Estate Development Co., Ltd. (note (i)) 大理美詔房地產開發有限公司	Associate of the Group
Handan Yurong Real Estate Development Co., Ltd. (note (i)) 邯鄲裕榮房地產開發有限公司	Associate of the Group
Wuxi Yahui Real Estate Development Co., Ltd. (note (i)) 無錫雅輝房地產開發有限公司	Associate of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Guangdong Yingmei Liheng Investment Corporation (Limited Partnership) (note (i)) 廣東盈美立恒投資合夥企業(有限合夥)	Associate of the Group
Guangdong Yingmei Yihao Equity Investment Corporation (Limited Partnership) (note (i)) 廣東盈美壹號股權投資合夥企業(有限合夥)	Associate of the Group
Huizhou Meiteng Project Management Co., Ltd. (note (i)) 惠州美騰項目管理有限公司	Associate of the Group
Wuhan Dinghui Yale Real Estate Development Co., Ltd. (note (i)) 武漢市鼎輝雅樂房地產開發有限公司	Associate of the Group
Atlas (China) Co., Ltd.("Atlas (China)") (note (i)) 寰圖(中國)有限公司	Associate of the Group
Guangzhou Lihe Real Estate Property Development Co., Ltd. (note(i)) 廣州利合房地產開發有限公司	Joint venture of the Group
Tianjin Jinnan Xincheng Real Estate Development Co., Limited (note (i)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note (i)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group
Guangzhou Huadu Yazhan Realty Development Co., Ltd. (note (i)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. (note (i)) 長沙上城置業有限公司	Joint venture of the Group
Guangxi Fuya Investments Co., Ltd. (note (i)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited (note (i)) 煌迪有限公司	Joint venture of the Group
Zhongshanshi Shiguang Chuangjian Zhiye Company Limited (note (i)) 中山市世光創建置業有限公司	Joint venture of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Zhongshan Haide Real Estate Development Co., Ltd. (note (i)) 中山市海德房地產開發有限公司	Joint venture of the Group
Zhongshanshi Dongcheng Real Estate Development Company Limited (note (i))	Joint venture of the Group
中山市東城實業發展有限公司	
Zhongshan Mingtai Property Development Company Limited (note (i)) 中山市名泰房地產開發有限公司	Joint venture of the Group
Foshan Yazhan Property Development Co., Ltd. (note (i)) 佛山雅展房地產開發有限公司	Joint venture of the Group
Zhongshan Zhili Land Co., Ltd. (note (i)) 中山市志力置業有限公司	Joint venture of the Group
Zhongshan Jucheng Enterprise Co., Ltd. (note (i)) 中山市鉅成實業有限公司	Joint venture of the Group
Zhongshan Bosheng Real Estate Development Co., Ltd. (note (i)) 中山市鉑晟房地產開發有限公司	Joint venture of the Group
Zhongshan Wenhua Real Estate Co.,Ltd. (note (i)) 中山市文華房地產有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. (note (i)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. (note (i)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Hainan Yahai Resort Development Co., Ltd. (note (i)) 海南雅海旅遊發展有限公司	Joint venture of the Group
Zhongshan Yingxuan Real Estate Developement Co., Ltd. (note (i)) 中山市盈軒房地產開發有限公司	Joint venture of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Changzhou Yajing Real Estate Development Co., Ltd. (note (i)) 常州雅勁房地產開發有限公司	Joint venture of the Group
Zhongshan Hehua Hotel Co., Ltd. (note (i)) 中山市和華酒店有限公司	Joint venture of the Group
Beijing Zhonggang International Real Estate Development Co., Ltd. (note (i)) 北京中港國際房地產開發有限公司	Joint venture of the Group
Foshan Zhongjiao Real Estate Development Co., Ltd. (note (i)) 佛山中交房地產開發有限公司	Joint venture of the Group
Foshan Xiangsong Land Co., Ltd. (note (i)) 佛山香頌置業有限公司	Joint venture of the Group
Hefei Changzhe Real Estate Development Co., Ltd. (note (i)) 合肥昌哲房地產開發有限公司	Joint venture of the Group
Changzhou Jingya Real Estate Development Co., Ltd. (note (i)) 常州勁雅房地產開發有限公司	Joint venture of the Group
Jinan Yajun Real Estate Development Co., Ltd. (note (i)) 濟南雅雋房地產開發有限公司	Joint venture of the Group
Lianyungangshi Ganglong Land Co., Ltd. (note (i)) 連雲港市港龍置業有限公司	Joint venture of the Group
Jinan Yaheng Real Estate Development Co., Ltd. (note (i)) 濟南雅恒房地產開發有限公司	Joint venture of the Group
Xuzhou Chuanda Real Estate Development Co., Ltd. (note (i)) 徐州川達房地產開發有限公司	Joint venture of the Group
Jiangmenshi Meishun Real Estate Development Co., Ltd. (note (i)) 江門市美順房地產開發有限公司	Joint venture of the Group
Kaifeng Guokong Songdu Land Co., Ltd. (note (i)) 開封國控宋都置業有限公司	Joint venture of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Jiaxing Xingya Real Estate Development Co., Ltd. (note (i)) 嘉興興雅房地產開發有限公司	Joint venture of the Group
Xuzhou Yafeng Real Estate Development Co., Ltd. (note (i)) 徐州雅豐房地產開發有限公司	Joint venture of the Group
Xingyang Agile City Construction Co., Ltd. (note (i)) 滎陽雅居樂城市建設有限公司	Joint venture of the Group
Xingyang Agile Enterprise Co., Ltd. (note (i)) 滎陽市雅居樂實業有限公司	Joint venture of the Group
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd. (note (i)) 梅州中南昱晟房地產開發有限公司	Joint venture of the Group
Guangzhou Yajing Real Estate Development Co., Ltd. (note (i)) 廣州雅景房地產開發有限公司	Joint venture of the Group
Jiangxi Jianda Investment Co., Ltd. (note (i)) 江西建大投資有限公司	Joint venture of the Group
Fujian Chuxin Eco Technology Co., Ltd. (note (i)) 福建省儲鑫環保科技有限公司	Joint venture of the Group
Jinzhong Xiya Real Estate Development Co., Ltd. (note (i)) 晉中熙雅房地產開發有限公司	Joint venture of the Group
Jinan Junsheng Real Estate Development Co., Ltd. (note (i)) 濟南隽盛房地產開發有限公司	Joint venture of the Group
Wuhu Yaxu Real Estate Development Co., Ltd. (note (i)) 蕪湖雅旭房地產開發有限公司	Joint venture of the Group
Chenzhou Agile Real Estate Development Co., Ltd. (note (i)) 郴州雅居樂房地產開發有限公司	Joint venture of the Group
Chongqing Jinbi Agile Real Estate Development Co., Ltd. (note (i)) 重慶金碧雅居房地產開發有限公司	Joint venture of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

Name	Relationship
Weihai Yalan Investment Development Co., Ltd.(note (i)) 威海雅藍投資開發有限公司	Joint venture of the Group
Changzhou Yafeng Green Construction Technology Co., Ltd. (note (i)) 常州雅豐綠色建築科技有限公司	Joint venture of the Group
Xi'an Agile Enterprise Development Co., Ltd. (note (i)) 西安雅居樂實業發展有限公司	Joint venture of the Group
Xuzhou Jiale Real Estate Development Co., Ltd (note (i)) 徐州佳樂房地產開發有限公司	Joint venture of the Group
Guangzhou Yajingan Real Estate Development Co., Ltd (note (i)) 廣州雅景安房地產開發有限公司	Joint venture of the Group
Suzhou Meiju Real Estate Development Co., Ltd. (note (i)) 蘇州美居房地產開發有限公司	Joint venture of the Group
Kaifeng Fenghui Land Co., Ltd. (note (i)) 開封豐輝置業有限公司	Joint venture of the Group
Shenyang Agile Enterprise Management Consultation Co., Ltd. (note (i)) 沈陽雅居樂企業管理諮詢有限公司	Joint venture of the Group
Shenyang Yasong Real Estate Development Co., Ltd. (note (i)) 沈陽雅頌房地產開發有限公司	Joint venture of the Group
Huizhou Huiyang Agile Real Estate Development Co., Ltd. (note (i)) 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of the Group
Tianjin Ruiya Real Estate Development co., Ltd. (note (i)) 天津瑞雅房地產開發有限公司	Joint venture of the Group
Chongqing Huayu Yefeng Enterprise Development Co., Ltd. (note (i)) 重慶華宇業豐實業有限公司	Joint venture of the Group

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Guangzhou Hongsheng Hengju Investment Partnership Enterprises (Limited Partnership) (note (i)) 廣州鴻晟恒鉅投資合夥企業(有限合夥)	Joint venture of the Group
Xingyang Yaheng Land Co., Ltd. (note (i)) 滎陽市雅恒置業有限公司	Joint venture of the Group
Huizhou Yajian Real Estate Development Co., Ltd. (note (i)) 惠州市雅建房地產開發有限公司	Joint venture of the Group
Henry Fischer Real Estate Co., Limited. (note (i)) 亨利世家置業有限公司	Joint venture of the Group
Nanjing Qiya Land Co., Ltd. (note (i)) 南京奇雅置業有限公司	Joint venture of the Group
Gongqingcheng Investment (note (i)) 共青城投資	Controlled by a key management personnel of the Group

Note (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

(b) Transactions with related parties

During the years ended 31 December 2019 and 2018, the Group had the following transactions with related parties, which are carried out in the normal course of the Group's business:

	2019	2018
Golf facilities service fee charged by Zhongshan Changjiang Golf Course		
(note (i))	14,635	12,919
Restaurant and hotel service fees charged by Zhongshan Agile		
Changjiang Hotel Co., Ltd. (note (i))	3,594	3,240
	18,229	16,159
	2019	2018
Loan to related parties		
- Associates	178,222	2,643,730
- Joint ventures	668,868	2,584,511
	847,090	5,228,241
	2019	2018
Repayment of loans to related parties		
- Associates	972,125	77,206
- Joint ventures	1,093,728	_
	2,065,853	77,206
	2019	2018
Interest income from (note (ii))		
– Associates	106,734	93,163
- Joint ventures	247,885	282,973
	354,619	376,136

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

(b) Transactions with related parties (Continued)

	2019	2018
Guarantee in respect of borrowings		
- Associates	1,096,112	424,095
- Joint ventures	5,831,507	6,244,840
	6,927,619	6,668,935

Key management compensation

Key management includes executive directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2019	2018
- Salaries and other short-term employee benefits - Retirement scheme contributions	42,738 167	43,127 124
- Nethernerit scheme contributions	42,905	43,251

Notes:

- (i) Restaurant and hotel service fees and golf facilities service fee were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.
- (iii) Interest income were charged in accordance with the terms of the loan contracts which, in the agreement of the related parties and the Company.

(All amounts in RMB thousands unless otherwise stated)

43 Related party transactions (Continued)

(c) Balances with related parties

As at 31 December 2019 and 2018, the Group had the following significant non-trade balances with related parties:

	2019	2018
Receivables due from (note (i))		
- Associates	1,326,119	2,578,743
 Joint ventures 	10,341,884	9,676,037
– Other related parties	193,728	195,484
	11,861,731	12,450,264
	2019	2018
Loan and interest receivables due from (note (ii))		
- Associates	1,480,885	2,701,516
- Joint ventures	1,751,474	3,840,425
	3,232,359	6,541,941
	2019	2018
Payables due to (note (i))		
- Associates	314,038	696,674
- Joint ventures	7,778,832	4,789,650
- Other related parties	100,584	104,194
	8,193,454	5,590,518
	2019	2018
Contract liabilities		
- Associates	581	_
- Joint ventures	43,513	3,530
	44,094	3,530

Notes:

44 Ultimate holding company

The directors of the Company consider Full Choice Investments Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Group.

⁽i) The balances are cash advances in nature, which are unsecured and interest free.

⁽iii) The balances are loan receivables and interest from associates and joint ventures, which are unsecured and interest bearing. The effective interest rate ranges from 4.35% to 15% per annum.

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below:

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Directly held by the Company Eastern Supreme Group Holdings Limited (formerly named Eastern Supreme Group Limited)	British Virgin Islands (the "BVI")/limited liability Company	Investment holding/ Hong Kong	100%	100%	
Indirectly held by the Company 雅居樂雅生活服務股份有限公司 A-Living Services Co., Ltd.	PRC/foreign invested enterprise	Property management/ Mainland China	<u>-</u>	54%	46%
雅居樂地產置業有限公司(前稱中山市雅 居樂地產置業有限公司) Agile Property Land Co., Ltd. (formerly named Zhongshan Agile Property Land Co., Ltd)	PRC/wholly foreign owned enterprise	Management consultant/ Mainland China	-	100%	-
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/Limited liability company	Investment holding/BVI	-	100%	-
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. ("Hainan Agile") (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng") (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	- -
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China		100%	
上海靜安城投重慶置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China		100%	<u>-</u>
上海雅恒房地產開發有限公司(前稱上海金昌房地產開發有限公司) Shanghai Yaheng Real Estate Development Co., Ltd.(formerly named Shanghai Jinchang Real Estate Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/Mainland China	-	100%	
佛山市雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/Mainland China	-	100%	-
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
佛山市三水雅居樂雍景園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co.,Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	- -	100%	- -
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	<u>-</u>	100%	
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China		100%	-
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	<u>-</u>	100%	-
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	
西雙版納雅居樂旅遊置業有限公司 (前稱:西雙版納雅居樂旅遊發展 有限公司) Xishuangbanna Agile Resort Co., Ltd. (formerly named: Xishuangbanna Agile Resort Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
瑞麗雅居旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	70%	30%
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
上海松江雅居樂房地產開發有限公司 Shanghai SongJiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2019 are set out below: (Continued)

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China		60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China		100%	

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in
	respect of the Share Award Scheme set up for the benefit of
	eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note (i): The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

(All amounts in RMB thousands unless otherwise stated)

46 Balance sheet and reserve movement of the Company

Balance sheet of the Company

Assets Non-current assets Investments in subsidiaries A48,520 A49,38,38 A50,535,424 A2,028,994 A50,535,424 A50,38,88 A50,535 A60,899 A60,535 A60,899 A60,8	, , , , , , , , , , , , , , , , , , ,	As at 31 [As at 31 December		
Non-current assets Investments in subsidiaries A48,520 448,520 Total non-current assets Current assets Amounts due from subsidiaries Other receivables and prepayments Total assets at fair value through profit or loss Cash and cash equivalents Total assets Total current assets Total assets Total assets Total assets Total current assets Total assets T		2019	2018		
Investments in subsidiaries	Assets				
Total non-current assets	Non-current assets				
Current assets 70,230,396 62,620,721 Other receivables and prepayments 151,927 149,185 Financial assets at fair value through profit or loss – 139,185 Cash and cash equivalents 5,358,424 2,028,994 Total current assets 75,740,747 64,938,085 Total assets 76,189,267 65,386,605 Equity Equity Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 3,421,883 Share sheld for Share Award Scheme (156,588) (156,588) (156,588) Other reserves (note (a)) – 427,512 Retained earnings (note (a)) 1,481,250 2,432,683 Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities 27,544,324 31,906,734 Non-current liabilities 27,556,980 31,912,876 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444	Investments in subsidiaries	448,520	448,520		
Amounts due from subsidiaries Other receivables and prepayments Tinancial assets at fair value through profit or loss Cash and cash equivalents Total current assets Total current assets Total assets Total current assets Total	Total non-current assets	448,520	448,520		
Other receivables and prepayments 151,927 149,185 Financial assets at fair value through profit or loss - 139,185 Cash and cash equivalents 5,358,424 2,028,994 Total current assets 75,740,747 64,938,085 Total assets 76,189,267 65,386,605 Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 3,421,883 Shares held for Share Award Scheme (156,588) (156,588) Other reserves (note (a)) - 427,512 Retained earnings (note (a)) 1,481,250 2,432,683 Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities 27,544,324 31,906,734 Non-current liabilities 27,556,980 31,912,876 Current liabilities 27,556,980 31,912,876 Current liabilities 9,132,545 6,429,197 Other payables and accruals 9,132,545 6,429,197 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities <td>Current assets</td> <td></td> <td></td>	Current assets				
Financial assets at fair value through profit or loss Cash and cash equivalents 5,358,424 2,028,994 Total current assets 75,740,747 64,938,089 Total assets 76,189,267 65,386,609 Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 Shares held for Share Award Scheme (156,588) Other reserves (note (al)) 2,427,512 Retained earnings (note (al)) 1,481,250 2,432,683 4,746,545 6,125,490 Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Borrowings 27,556,980 31,912,876 Current liabilities Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 0ther payables and accruals Financial liabilities at fair value through profit or loss 57,875,855 50,926,244 Total liabilities 57,875,855 50,926,244	Amounts due from subsidiaries	70,230,396	62,620,721		
Cash and cash equivalents 5,358,424 2,028,994 Total current assets 75,740,747 64,938,085 Total assets 76,189,267 65,386,605 Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 3,421,883 Shares held for Share Award Scheme (156,588) (156,588) Other reserves (note (al)) - 427,512 Retained earnings (note (al)) 1,481,250 2,432,683 Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 12,656 6,144 Current liabilities 20,289,129 11,903,533 Armounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 57,875,855 50,926,244	Other receivables and prepayments	151,927	149,185		
Total current assets 75,740,747 64,938,085 Total assets 76,189,267 65,386,609 Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 3,421,883 (156,588)		_	139,189		
Total assets 76,189,267 65,386,609 Equity Equity attributable to shareholders of the Company Share capital and premium 3,421,883 3,421,828 3,421,828 3,421,828 3,421,828	Cash and cash equivalents	5,358,424	2,028,994		
Equity Equity attributable to shareholders of the Company Share capital and premium Shares held for Share Award Scheme Other reserves (note (al)) Retained earnings (note (al)) Perpetual Capital Securities Total equity Liabilities Non-current liabilities at fair value through profit or loss Amounts due to subsidiaries Perrowings Amounts due to subsidiaries Other payables and accruals Financial liabilities at fair value through profit or loss Total current liabilities at fair value through profit or loss Total current liabilities at fair value through profit or loss Total current liabilities at fair value through profit or loss Total current liabilities Sarrowings Amounts due to subsidiaries Sarrowings Amounts due to subsidiaries Sarrowings Sarrowing	Total current assets	75,740,747	64,938,089		
Equity attributable to shareholders of the Company Share capital and premium Share Sheld for Share Award Scheme (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (156,588) (175,122) (175	Total assets	76,189,267	65,386,609		
Share capital and premium 3,421,883 3,421,883 Shares held for Share Award Scheme (156,588) (156,588) Other reserves (note (a)) - 427,512 Retained earnings (note (a)) 1,481,250 2,432,683 Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 27,544,324 31,906,734 Current liabilities 27,556,980 31,912,878 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 9,132,545 6,429,197 Other payables and accruals 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Equity				
Shares held for Share Award Scheme (156,588) (156,549) (156,686) (152,490) (156,686) (157,546,368) (157,546,368) (157,546,368) (157,546,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466,368) (157,547,466)	Equity attributable to shareholders of the Company				
Other reserves (note (a)) – 427,512 Retained earnings (note (a)) 1,481,250 2,432,683 4,746,545 6,125,490 4,746,545 6,125,490 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities 27,544,324 31,906,734 Non-current liabilities 27,556,980 31,912,876 Financial liabilities 27,556,980 31,912,876 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Share capital and premium	3,421,883	3,421,883		
Retained earnings (note (a))	Shares held for Share Award Scheme	(156,588)	(156,588)		
4,746,545 6,125,490 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities	Other reserves (note (a))	-	427,512		
Perpetual Capital Securities 13,566,867 8,334,875 Total equity 18,313,412 14,460,365 Liabilities Non-current liabilities Borrowings 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 12,656 6,144 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Retained earnings (note (a))	1,481,250	2,432,683		
Total equity 18,313,412 14,460,365 Liabilities Non-current liabilities Borrowings 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 12,656 6,144 Current liabilities Borrowings Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244		4,746,545	6,125,490		
Liabilities Non-current liabilities Borrowings 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 12,656 6,144 Current liabilities 27,556,980 31,912,878 Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Perpetual Capital Securities	13,566,867	8,334,875		
Non-current liabilities Borrowings 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 12,656 6,144 Current liabilities 27,556,980 31,912,878 Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Total equity	18,313,412	14,460,365		
Borrowings 27,544,324 31,906,734 Financial liabilities at fair value through profit or loss 27,556,980 31,912,878 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Liabilities				
Financial liabilities at fair value through profit or loss 12,656 6,144 27,556,980 31,912,878 Current liabilities 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Non-current liabilities				
27,556,980 31,912,878 Current liabilities Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Borrowings	27,544,324	31,906,734		
Current liabilities Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Financial liabilities at fair value through profit or loss	12,656	6,144		
Borrowings 20,289,129 11,903,533 Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244		27,556,980	31,912,878		
Amounts due to subsidiaries 9,132,545 6,429,197 Other payables and accruals 843,517 673,444 Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Current liabilities				
Other payables and accruals Financial liabilities at fair value through profit or loss Total current liabilities 57,875,855 50,926,244	Borrowings	20,289,129	11,903,533		
Financial liabilities at fair value through profit or loss 53,684 7,192 Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Amounts due to subsidiaries		6,429,197		
Total current liabilities 30,318,875 19,013,366 Total liabilities 57,875,855 50,926,244	Other payables and accruals		673,444		
Total liabilities 57,875,855 50,926,244	Financial liabilities at fair value through profit or loss	53,684	7,192		
	Total current liabilities	30,318,875	19,013,366		
Total equity and liabilities 76,189,267 65,386,609	Total liabilities	57,875,855	50,926,244		
	Total equity and liabilities	76,189,267	65,386,609		

The balance sheet of the Company was approved by the Board of Directors on 23 March 2020 and was signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

(All amounts in RMB thousands unless otherwise stated)

46 Balance sheet and reserve movement of the Company (Continued)

Balance sheet of the Company (Continued)

Note (a): Reserves movement of the Company

	Other reserves	Retained earnings
At 1 January 2018	427,512	2,526,254
Profit for the year	-	3,857,540
Dividends declared relating to 2018	-	(3,951,111)
At 31 December 2018	427,512	2,432,683
At 1 January 2019	427,512	2,432,683
Profit for the year	_	2,932,068
Redemption of Perpetual Capital Securities (note 23)	(427,512)	(77,201)
Dividends declared relating to 2019	-	(3,806,300)
At 31 December 2019	_	1,481,250

47 Events after the balance sheet date

- (a) Pursuant to the agreement entered into by a third party acquirer (the "Acquirer"), Dragon Charm International Limited, Ma Lee International Holdings Limited, China Sharp Group Limited and Guangzhou Panyu Agile Realty Development Co., Ltd. (the relevant subsidiaries of the Company, "Agile Relevent Shareholders") in December 2019, it was agreed that the Acquirer and Agile Relevent Shareholders will jointly invest and develop the cooperative land ("Bailuhu Project") in the agreed proportion of 49% and 51%. The total consideration of RMB1,666,087,000, of which RMB733,485,000 would be paid to Agile Relevent Shareholders and RMB932,602,000 would be contributed to Bailuhu Project. The Acquirer has paid total consideration as an advanced payment in December 2019, which was recognised as other payable in the consolidated balance sheet. Up to report date, the transactions has not been completed.
- (b) On 25 September 2019, the Group entered into a framework agreement to conditionally agree to acquire the 60% equity interest in CMIG Futurelife Property Management Limited ("CMIG PM") at the fixed consideration RMB 1,560,000,000 from Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership). The Circular had been despatched to the Group's Shareholders on 24 February 2020. Upon the completion of the acquisition, the CMIG PM would become a subsidiary of the Group.
- (c) Entering 2020, the rapid outbreak of the novel coronavirus ("COVID-19") in different cities has led to a major challenge for the global economy. Under the effective control measures of the Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activities and construction works in various cities, with an aim to fully support the prevention and control for the novel coronavirus and to effectively cut off the transmission of the virus. Under the premise of protecting the health and safety of customers and employees, the Group has gradually resumed its operation since February 2020 in accordance with the local governments' policies. Meanwhile, the Group has also established an online sales centre named Yajubao to provide professional online consultation to prospective buyers, with an aim to minimise the impact of the epidemic on the Group's sales activities.

(All amounts in RMB thousands unless otherwise stated)

47 Events after the balance sheet date (Continued)

(c) (Continued)

The pandemic has caused a short-term impact on all sectors and the sales of the real estate industry has also been affected by the short-term psychological impact of the public on the epidemic. Therefore, we foresee the sales performance of the real estate industry will decline significantly in the first quarter of 2020 when compared with the corresponding period of last year. However, a number of local governments in China have introduced relaxation policies to shore up the local real estate market in an effort to stabilise the future development of China's real estate market. The Group will closely monitor the development of novel coronavirus and assess the impact of the epidemic on the Group's finance and operation. The Group will adjust the marketing plans and development strategies in a timely manner, with an aim to ensure the effective implementation of the business model of "focusing on property development, supported by a diversified range of businesses".

48 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

For the year ended 31 December 2019:

			Housing		
		allowance and			
			contribution		
			to a		
			retirement		
			benefit		
	Fees	Salary	scheme	Total	
Mr. Chen Zhuo Lin	4,356	_	16	4,372	
Mr. Chan Cheuk Hung	3,108	_	16	3,124	
Mr. Huang Fengchao	146	7,875	155	8,176	
Mr. Chen Zhongqi	146	7,742	64	7,952	
Mr. Chan Cheuk Yin	408	_	_	408	
Madam. Luk Sin Fong, Fion	408	_	_	408	
Mr. Chan Cheuk Hei	408	_	_	408	
Mr. Chan Cheuk Nam	408	_	_	408	
Dr. Cheng Hon Kwan (note (i))	408	_	_	408	
Mr. Kwong Che Keung, Gordon (note (i))	408	_	_	408	
Mr. Hui Chiu Chung, Stephen (note (i))	408	_	_	408	
Mr. Wong Shiu Hoi, Peter (note (i))	408	_	_	408	
	11,020	15,617	251	26,888	

(All amounts in RMB thousands unless otherwise stated)

Housing

48 Benefits and interests of directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2018:

allowance and contribution to a retirement benefit Fees Salary scheme Total Mr. Chen Zhuo Lin 3,793 15 3,808 Mr. Chan Cheuk Hung 2,706 15 2,721 Mr. Huang Fengchao 127 129 7,585 7,329 Mr. Chen Zhongqi 127 7,371 54 7.552 Mr. Chan Cheuk Yin 355 355 Madam. Luk Sin Fong, Fion 355 355 Mr. Chan Cheuk Hei 355 355 Mr. Chan Cheuk Nam 355 355 Dr. Cheng Hon Kwan (note (i)) 355 355 Mr. Kwong Che Keung, Gordon (note (i)) 355 355 Mr. Cheung Wing Yui, Edward (note (i), (ii)) 42 42 Mr. Hui Chiu Chung, Stephen (note (i)) 355 355 Mr. Wong Shiu Hoi, Peter (note (i)) 355 355 9,635 14,700 213 24,548

Note (i): Independent non-executive directors of the Company.

Note (ii): Mr. Cheung Wing Yui, Edward has resigned as an non-executive director of the Company with effect from 13 February 2018.

(All amounts in RMB thousands unless otherwise stated)

48 Benefits and interests of directors (Continued)

(b) Directors' retirement benefits

During the year ended 31 December 2019, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note (a) above (2018: same).

(c) Directors' termination benefits

During the year ended 31 December 2019, there was no termination benefits received by the directors (2018: same).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2019, no consideration was paid for making available the services of the directors of the Company (2018: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2019, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Assets, Equity and Liabilities

	31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets	82,467,376	63,537,676	50,713,988	35,585,589	27,194,088
Current assets	190,764,449	166,908,111	112,643,678	96,139,309	90,118,843
Total assets	273,231,825	230,445,787	163,357,666	131,724,898	117,312,931
EQUITY AND LIABILITIES					
Total equity	65,336,476	54,980,933	44,176,230	44,155,230	41,994,987
Non-current liabilities	60,227,794	55,086,714	35,708,002	32,318,075	24,786,841
Current liabilities	147,667,555	120,378,140	83,473,434	55,251,593	50,531,103
Total liabilities	207,895,349	175,464,854	119,181,436	87,569,668	75,317,944
Total equity and liabilities	273,231,825	230,445,787	163,357,666	131,724,898	117,312,931

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

Consolidated Income Statements

	2019 RMB′000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
Operation					
Revenue	60,239,097	56,144,926	51,607,059	46,678,865	43,004,312
Cost of sales	(41,881,111)	(31,471,009)	(30,919,581)	(34,313,168)	(32,191,005)
Gross profit	18,357,986	24,673,917	20,687,478	12,365,697	10,813,307
Selling and marketing costs	(2,026,178)	(2,318,044)	(2,258,938)	(2,097,973)	(1,785,859)
Administrative expenses	(3,998,883)	(2,909,554)	(2,045,528)	(1,458,191)	(1,444,024)
Net impairment (losses)/reversal on					
financial and contract assets	(149,574)	(97,250)	1,234	_	_
Other gains/(losses), net	4,802,164	1,986,253	40,049	(291,748)	(76,864)
Other income	1,282,537	1,040,034	570,485	278,662	212,162
Other expenses	(228,300)	(257,002)	(396,633)	(195,880)	(82,439)
Operating profit	18,039,752	22,118,354	16,598,147	8,600,567	7,636,283
Finance cost, net	(2,529,824)	(2,744,353)	(898,674)	(1,124,531)	(1,325,206)
Share of post-tax profits/(losses) of					
investments accounted for using					
the equity method	1,086,246	27,098	169,341	7,078	(114,590)
Profit before income tax	16,596,174	19,401,099	15,868,814	7,483,114	6,196,487
Income tax expenses	(7,362,928)	(11,043,282)	(9,088,536)	(4,433,480)	(3,894,950)
Profit for the year	9,233,246	8,357,817	6,780,278	3,049,634	2,301,537
Profit attributable to:					
Shareholders of the Company	7,511,794	7,125,007	6,025,244	2,283,640	1,390,343
Holders of Perpetual Capital Securities	850,225	676,906	472,663	415,263	358,565
Non-controlling interests	871,227	555,904	282,371	350,731	552,629
	9,233,246	8,357,817	6,780,278	3,049,634	2,301,537
Earnings per share from continuing					
operations attributable to the					
shareholders of the Company					
for the year (expressed in					
Renminbi per share)					
— Basic	1.935	1.835	1.552	0.588	0.358
— Diluted	1.935	1.835	1.552	0.588	0.358

CORPORATE INFORMATION

Board of Directors

Mr. Chen Zhuo Lin* (Chairman and President)

Mr. Chan Cheuk Yin** (Vice Chairperson)

Madam Luk Sin Fong, Fion** (Vice Chairperson)

Mr. Chan Cheuk Hung*

Mr. Huang Fengchao*

Mr. Chen Zhongqi*

Mr. Chan Cheuk Hei**

Mr. Chan Cheuk Nam**

Dr. Cheng Hon Kwan# GBS, OBE, JP

Mr. Kwong Che Keung, Gordon#

Mr. Hui Chiu Chung, Stephen# JP

Mr. Wong Shiu Hoi, Peter#

* Executive Directors

** Non-executive Directors

Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Kwong Che Keung, Gordon (Committee Chairperson)

Dr. Cheng Hon Kwan GBS, OBE, JP

Mr. Hui Chiu Chung, Stephen JP

Mr. Wong Shiu Hoi, Peter

Remuneration Committee

Dr. Cheng Hon Kwan GBS, OBE, JP (Committee Chairperson)

Mr. Kwong Che Keung, Gordon

Mr. Hui Chiu Chung, Stephen JP

Mr. Wong Shiu Hoi, Peter

Madam Luk Sin Fong, Fion

Nomination Committee

Mr. Hui Chiu Chung, Stephen JP (Committee Chairperson)

Dr. Cheng Hon Kwan GBS, OBE, JP

Mr. Kwong Che Keung, Gordon

Mr. Wong Shiu Hoi, Peter

Madam Luk Sin Fong, Fion

Risk Management Committee

Mr. Huang Fengchao (Committee Chairperson)

Mr. Chan Cheuk Hung

Mr. Chen Zhongqi

Mr. Wong Shiu Hoi, Peter

Company Secretary

Mr. Cheung Lap Kei (appointed on 1 September 2019)

Mr. Lam Ping Yuk (resigned on 1 September 2019)

Authorised Representatives

Mr. Chen Zhuo Lin

Mr. Cheung Lap Kei (appointed on 1 September 2019)

Mr. Lam Ping Yuk (resigned on 1 September 2019)

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP

Iu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands laws:

Convers Dill & Pearman

as to US and English laws:

Sidley Austin LLP

Principal Bankers

Industrial and Commercial Bank of China Limited

Agricultural Bank of China Limited

Bank of China Limited

China Construction Bank Corporation

China Everbright Bank Company Limited

Ping An Bank Co., Ltd.

Shanghai Pudong Development Bank Co., Ltd.

The Hongkong and Shanghai Banking Corporation Limited

The Bank of East Asia, Limited

Standard Chartered Bank (Hong Kong) Limited

Hang Seng Bank Limited

CORPORATE INFORMATION (CONTINUED)

Registered Office

Cricket Square Hutchins Drive P.O. Box 2681

Grand Cayman KY1-1111

Cavman Islands

Principal Place of Office in the PRC

33rd Floor, Agile Center 26 Huaxia Road Zhujiang New Town Tianhe District, Guangzhou Guangdong Province PRC

Postal Code: 510623

Principal Place of Business in Hong Kong

18/F., Three Pacific Place1 Queen's Road EastHong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited Royal Bank House – 3rd Floor 24 Shedden Road P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

Telephone : (852) 2980 1333 Facsimile : (852) 2861 1465

Investor Relations

Capital Markets Department

E-mail : ir@agile.com.cn Telephone : (852) 2847 3383 Facsimile : (852) 2780 8822

Website

www.agile.com.cn

Listing Information

A Equity Securities

- (1) The Company's ordinary shares (stock code: 3383) are listed on the Main Board of Hong Kong Stock Exchange.
- (2) A-Living's ordinary shares include domestic shares, unlisted shares and H shares. H shares (stock code: 3319) are listed on the Main Board of Hong Kong Stock Exchange.

B Debt Securities

- (1) The Company's debt securities listed on the Main Board of Hong Kong Stock Exchange:
 - 9% senior notes in an aggregate principal amount of US\$500 million due 2020 (stock code: 5517)
- (2) The Company's debt securities listed on the Official List of SGX:
 - (i) 9.5% senior notes in an aggregate principal amount of US\$400 million due 2020 (ISIN code: XS1900869683)
 - (ii) 8.5% senior notes in an aggregate principal amount of US\$600 million due 2021 (ISIN code: XS1856094724)
 - (iii) 5.125% senior notes in an aggregate principal amount of US\$200 million due 2022 (ISIN code: XS1659119629)
 - (iv) 6.7% senior notes in an aggregate principal amount of US\$500 million due 2022 (ISIN code: XS1959497782)
- (3) The Company's debt securities listed on the Shanghai Stock Exchange:
 - domestic non-public corporate bonds in an aggregate principal amount of RMB970 million due 2020 with an initial coupon rate of 4.98% (corporate bond code: 135690)
 - (ii) domestic non-public corporate bonds in an aggregate principal amount of RMB3,000 million due 2020 with an initial coupon rate of 6.98% (corporate bond code: 145608)
 - (iii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with an initial coupon rate of 4.60% (corporate bond code: 135882)
 - (iv) domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with a coupon rate of 5.70% (corporate bond code: 135883)
- (4) The debt securities of Guangzhou Panyu Agile Realty Development Co., Ltd.^ (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) listed on the Shanghai Stock Exchange:
 - domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with an initial coupon rate of 4.7% (corporate bond code: 136134)

CORPORATE INFORMATION (CONTINUED)

C Capital Securities

The Company's capital securities listed on the Official List of SGX:

- (1) senior perpetual capital securities in an aggregate principal amount of US\$500 million (ISIN code: XS1785422731)
- (2) senior perpetual capital securities in an aggregate principal amount of US\$700 million (ISIN code: XS2003471617)
- (3) senior perpetual capital securities in an aggregate principal amount of US\$500 million (ISIN code: XS2071413483)
- (4) senior perpetual capital securities in an aggregate principal amount of US\$200 million (ISIN code: XS2081524675)

Financial Calendar

Interim results announcement

Payment of interim dividend

Annual results announcement

AGM

Proposed payment of final dividend

21 August 2019

19 September 2019

23 March 2020

11 May 2020

on or about 29 May 2019

Closure of Register of Members and Other Key Dates

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

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

Latest time for lodging transfer documents : 4:30 p.m. on Tuesday, 5 May 2020

of shares

Period of closure of register of members : Wednesday, 6 May 2020 to Monday, 11 May 2020

(both dates inclusive)

To determine the Shareholders' entitlement to the final dividend

Ex-entitlement date for final dividend : Thursday, 14 May 2020

Latest time for lodging transfer documents : 4:30 p.m. on Friday, 15 May 2020

of shares

Period of closure of register of members : Monday, 18 May 2020 to Wednesday, 20 May 2020

(both dates inclusive)

Record date : Wednesday, 20 May 2020

To qualify for attending and voting at the AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

The proposed final dividend will be paid on or about Friday, 29 May 2020 to Shareholders whose names appear on the register of members of the Company on Wednesday, 20 May 2020 upon approval by the Shareholders in the AGM.

CORPORATE INFORMATION (CONTINUED)

Annual General Meeting

The AGM will be held on Monday, 11 May 2020. Notice of the AGM will be set out in the Company's circular dated 3 April 2020 and will be despatched together with this annual report to the Shareholders. Notice of the AGM and the proxy form will also be published on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk).

Dividends

Interim dividend HK60.0 cents per Share
Proposed final dividend HK40.0 cents per Share

Despatch of Corporate Communications

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

GLOSSARY

Agile or Company Agile Group Holdings Limited, a company incorporated in the Cayman Islands

with limited liability and the Shares of which are listed on the Main Board of

Hong Kong Stock Exchange

Articles the Articles of Association of the Company

A-Living Services Co., Ltd.^ (雅居樂雅生活服務股份有限公司), a joint stock

company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of Hong Kong Stock Exchange (stock code:

3319), and an indirect non-wholly owned subsidiary of the Company

AGM annual general meeting of the Company to be held on 11 May 2020

BBS Bronze Bauhinia Star

BEA The Bank of East Asia, Limited

Board board of Directors of the Company

BVI British Virgin Islands

Changjiang Hotel Company Zhongshan Agile Changjiang Hotel Co., Ltd.^ (中山雅居樂長江酒店有限公司), a

company incorporated in the PRC with limited liability

Chen's Family Trust a family trust established by Top Coast as former trustee and the beneficiaries

of which are the Founding Shareholders

China or PRC The People's Republic of China. For the purpose of this annual report,

excluding Hong Kong, Macau Special Administrative Region of the PRC and

Taiwan region

CG Code Corporate Governance Code and Corporate Governance Report as set out in

Appendix 14 to the Listing Rules

Directors directors of the Company

Employee Share Trustee Bank of Communications Trustee Limited

Founding Shareholders Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan

Cheuk Hei and Chan Cheuk Nam

GLOSSARY (CONTINUED)

Full Choice Investments Limited, a company incorporated in Hong Kong with

limited liability on 8 August 2016, being the current trustee of Chen's Family

Trust

GBS Gold Bauhinia Star

GFA gross floor area

Group the Company and its subsidiaries

HK\$/HKD Hong Kong dollar(s), the lawful currency of Hong Kong

HKAS Hong Kong Accounting Standards

Hong Kong Special Administrative Region of the PRC

Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong)

Hong Kong Stock Exchange The Stock Exchange of Hong Kong Limited

HSB Hang Seng Bank Limited

HSBC The Hongkong and Shanghai Banking Corporation Limited

INED(s) independent non-executive Director(s) of the Company

JP Justice of the Peace

Last AGM annual general meeting of the Company held on 10 May 2019

Listing Rules The Rules Governing the Listing of Securities on Hong Kong Stock Exchange

Model Code for Securities Transactions by Directors of Listed Issuers as set

out in Appendix 10 of the Listing Rules

NED(s) non-executive Director(s) of the Company

OBE Officer of British Empire

RMB Renminbi, the lawful currency of PRC

SCB Standard Chartered Bank (Hong Kong) Limited

Securities Dealing Code for Directors A code for securities transactions by Directors adopted by the Company

GLOSSARY (CONTINUED)

SFO Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

Share(s) ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of

such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from

time to time)

Share Award Scheme a share award scheme adopted by the Company on 10 December 2013

Shareholder(s) holder(s) of Shares

SGX Singapore Exchange Securities Trading Limited

Top Coast Investment Limited, a company incorporated in BVI with limited

liability on 17 May 2005, being the former trustee of Chen's Family Trust

US United States of America

US\$/USD United States dollar(s), the lawful currency of US

% per cent

[^] for identification purposes only

