GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

ANNUAL REPORT 2019

About R&F

As one of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") founded in 1994 and headquartered in Guangzhou. After over twenty years of rapid development, the Company is a conglomerate primarily engaged in property development, as well as diversified businesses including hotel development, commercial operation, property management and architectural and engineering design. The Group's attributable sales amounted to over RMB138 billion in 2019. As of the end of 2019, the Group has a land bank of approximately 58 million sq.m. and owns 90 deluxe hotels in operation, managed by well-known hotel management group. Concurrently, the Group has a total GFA of over 2.5 million sq.m. of investment properties in operation. The Group's businesses cover over 140 cities and regions up to now. For more than 20 years, R&F has adhered to a development strategy of "create a quality living with heartbeat of the city", creating beautiful places to live and work, and striving to become a world leader in building quality of life.

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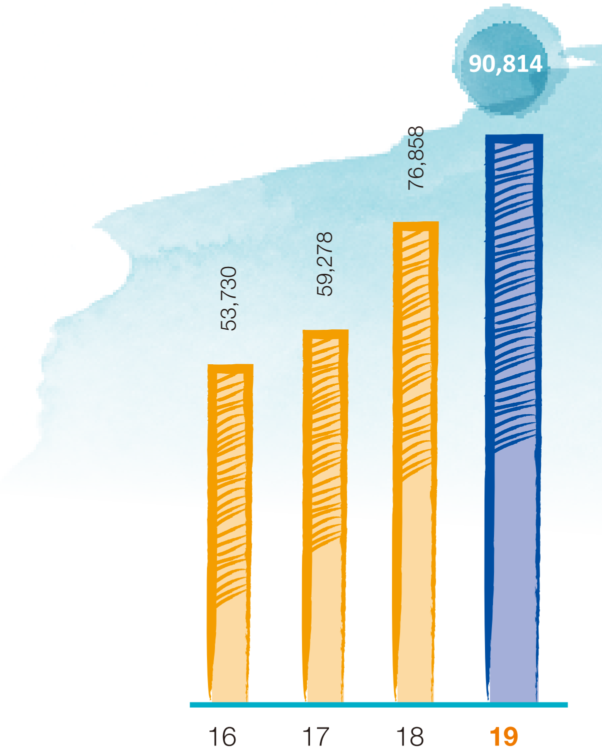
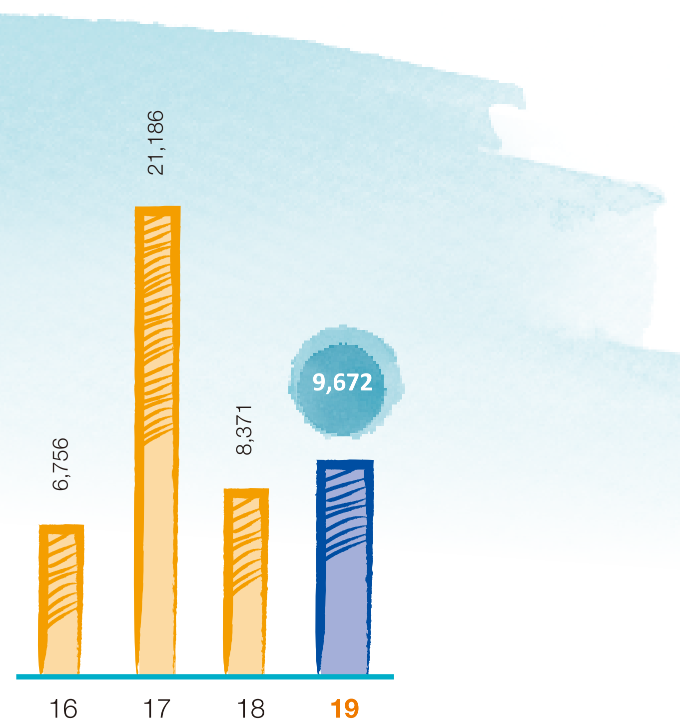
FINANCIAL HIGHLIGHTS

	2019	2018	% changes
OPERATING RESULTS (RMB'000)			
Revenue	**90,813,970**	76,857,682	18%
Gross profit	**29,772,569**	27,949,509	7%
Profit for the year attributable to owners of the Company	**9,672,051**	8,371,237	16%
Basic earnings per share (RMB)	**3.0001**	2.5979	15%
Dividends per share (RMB)	**1.28**	1.23	4%
FINANCIAL POSITION (RMB'000)			
Cash	**38,435,806**	34,706,564	11%
Total assets	**427,326,318**	366,193,930	17%
Total liabilities	**347,527,193**	296,333,346	17%
FINANCIAL RATIOS			
Net assets per share (RMB)	**22.1**	21.2	4%
Dividend payout ratio (%)	**45.1**	47.3	-5%
Return on equity (%)	**13.8**	13.0	6%
Net debt to total equity ratio (%)	**198.9**	184.1	8%

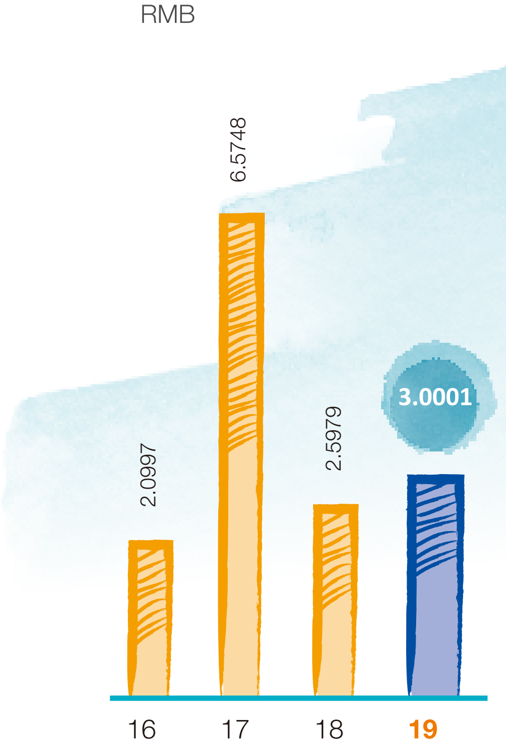
Revenue
RMB (in million)



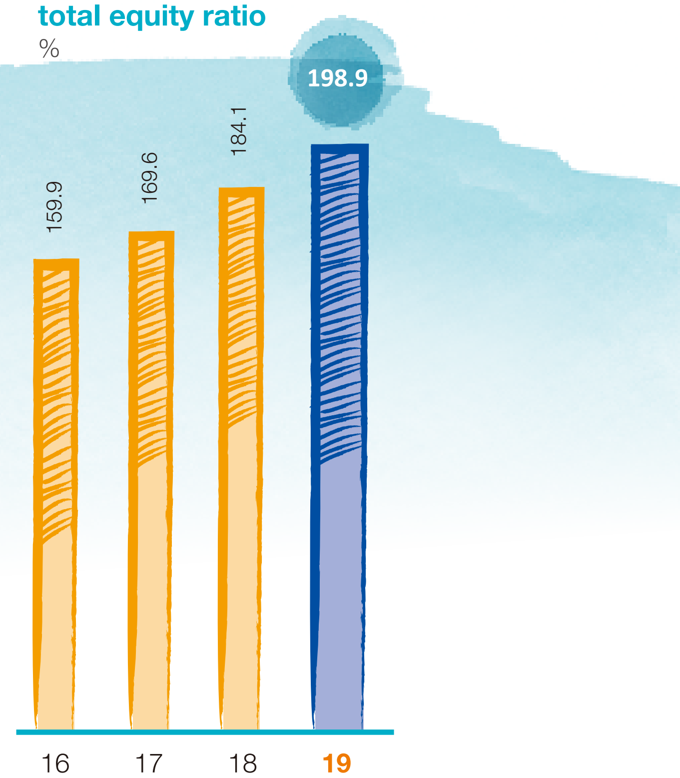
Profit attributable to owners of the Company
RMB (in million)



Basic earnings per share
RMB



Net debt to total equity ratio
%



Strong fundamentals in core property development ensures stability and earnings visibilty...

In 2019, global macroeconomic environments remained turbulent with the persistence of trade war tensions and Brexit unresolved. Amidst a backdrop of uncertainties, there was a flight to safety as capital investments locked in returns from USD bonds and fixed-rate loans. As the year progressed, a growing optimism in the economy created periods of stability to provide confidence in spending and other investments such as equity and property. Within China's property sector, overall performance amongst peers was less consistent and dependent on land bank profile, project location, and city exposure. Overall in 2019, China's contracted sales in the property sector grew 7% in terms of value representing a slower growth trajectory when compared to 2018. However, China's property sector continues to be a key pillar in China's GDP, and despite slower growth, long-term stable development will be in line with China Central Government's policy direction.

In 2019, the Group's performance was affected by market turbulences throughout the year. In the first few months, the Group underwent an active capital raising exercise, issuing US$2.70 billion of USD bonds offshore as well as refinancing or raising RMB24.40 billion in China through corporate bonds to improve the overall liquidity position of the Group. Market stability in the first half of 2019 also allowed the Group to early redeem or extend maturities falling due within the year including a US$550 million loan and a US$300 million USD denominated senior note. As the Group had proactively addressed a large proportion of near-term liabilities in the first half, it was still able to handle the put options on the Group's China corporate bonds in the second half even with the tightened financing policies in the property sector.

Whilst the Group successfully had the foresight to manage financing uncertainties, it was less successful when it relates to the Group's contract sales performance, the Group fell slightly short of targets having achieved attributable contracted sales of RMB138.20 billion. Contracted sales had the highest proportion in tier-1 and tier-2 cities sold RMB88.40 billion or approximately 64%, with the rest in lower tier cities and overseas. The average selling price of contracted sales was approximately RMB11,000 per sq.m., lower versus RMB12,900 per sq.m. in 2018. Overall, contracted sales had a growth of approximately 5% and 23% in terms of amount and GFA sold, respectively. In 2020, the Group will increase the pace of contracted sales, focusing on quicker asset turns and a concentration in cities where historically the Group has a strong market share.

In 2019, the Group continues to consistently meet operating targets such as land banking, construction schedules, and GFA completion. In terms of land banking, a more moderate acquisition strategy was adopted as prior years land banking built-up an attributable land bank of 58 million sq.m., sufficient for at least the next four to five years of development. In 2019, the land acquisition strategy primarily focused on land with quick asset turns, low cost land bank, and urban redevelopment projects to manage capital expenditures whilst continuing to achieve sufficient margins. In 2019, the Group acquired RMB24.40 billion of land bank, or equivalent to 9.4 million sq.m., at an average acquisition cost of RMB2,600 per sq.m. across 32 cities in China. The average acquisition cost is similiar when compared to existing total land bank cost of approximately RMB2,600 per sq.m.. Significant progress also has been made in conversion of redevelopment projects having converted 1.79 million sq.m. through urban redevelopment in 3 cities. Based on past transactions, land bank acquired through redevelopment methods generally experience higher margins when compared to traditional auction and private acquisitions. The Group has many further conversion opportunities with over 40 million sq.m. of potential GFA in the form of redevelopment projects when converted over the next few years.

In terms of the financial year 2019, overall results were robust given uncertain operating conditions throughout the year with revenue and gross profit increasing 18% and 7% to RMB90.81 billion and RMB29.80 billion, respectively. Net profit also increased 16% to RMB10.09 billion and GFA recognised increased 36% to 8.3 million sq.m.. The Group's gross profit margins saw a slight drop to 32.8% primarily related to lower selling prices of RMB9,610 per sq.m.. In 2019, the proportion of revenue from tier-1 and tier-2 cities was 59% which was lower as compared to 2018. Despite a slight drop in gross profit margins, net margin in 2019 was relatively stable at 11.1%, as operating costs were similar and helped by higher profit contributions from joint ventures and share of associates. Overall net profit in 2019 increased 16% to RMB10.09 billion.

THE DEVELOPMENT OF THE GREATER BAY AREA WILL STIMULATE GROWTH FOR THE PROPERTY SECTOR AND GENERATE SIGNIFICANT OPPORTUNITIES ACROSS A WIDER SPECTRUM OF PROPERTY-RELATED SECTORS

In 2019, the Chinese Central Government accelerated the development of the Greater Bay Area ("GBA"), a new cluster of cities and regions in Southern China. The GBA consists of 9 cities and 2 special administrative regions in Southern China. These 9 key strategic cities include Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou and Zhaoqing, and 2 special administrative regions, Hong Kong and Macau. Estimated to be less than 1% of China's land area but expected to contribute over 12% of China's GDP under a 5-year plan to develop infrastructure, transport, tourism and business development that will drive collaboration and economic growth. The Chinese Central Government will make significant investments in the region and introduce favourable government policies to stimulate and attract private investments that indirectly benefit property investments and property-related sectors in the coming years.

Historically, the Group's exposure prior to the establishment of the GBA was approximately 6% of contracted sales in 2018. In 2019, the Group's development exposure in the GBA increased to approximately 8%. As the end of 2019, the GBA landbank was approximately 2.70 million sq.m. interms of GFA or RMB34 billion in term of sales value. The Group's exposure in the GBA is not just in terms of size, but diversity. In recent years, the Group has diversified into other investments including an expanded hotel presence, additional investment property revenue, and logistics warehousing. Revenue from non-development related revenue has grown to RMB11.12 billion, or increased 6% in 2019, which is expected to continue to reap the benefits of increased investment activity in the GBA by local governments and the private sector.

PACE AND FOCUS OF URBAN REDEVELOPMENT PROVIDE OPPORTUNITIES TO LOCK-IN STRATEGIC LAND BANKING AT LOWER COSTS

Another strategic initiative by the Group has been urban redevelopment projects which has accumulated into a sizeable potential land bank. The Group has been a long-time beneficiary of redevelopment projects as a means to increase land bank in key cities at relatively lower market prices. Currently, the Group is estimated to have entered into agreements to acquire over 40 million sq.m. of GFA. Based on the expected near-term GFA conversion, the Group potentially could increase the contracted GFA available for sale by 10 million sq.m., or RMB200 billion equivalent sales value. The ability to convert land bank effectively through redevelopment and resettlement allows the Group to increase land bank and saleable resources more cost effectively whilst managing liquidity. Whilst sourcing attractive land bank remains difficult, redevelopment projects are an effective method of securing land bank over the long-term which the Group has significant upside potential to monetise.

ABUNDANT SALEABLE RESOURCES TO SUPPORT FUTURE CONTRACTED SALES GROWTH

Scarcity of land bank and rising acquisition costs have been a factor in determining available saleable resources to support contracted sales growth. In anticipation of land bank uncertainties and to better manage launch schedules, the Group has accumulated a sizeable land bank portfolio in a number of key cities adequate for the near term without the immediate need for land banking. The Group's sizeable saleable resources has increased from RMB734 billion in 2018 to RMB746 billion in 2019, allowing the Group flexibility to time new launches and land banking accordingly. The current saleable resources for 2020 at approximately RMB270 billion, will be to target 2020 contracted sales of RMB152 billion. A more moderate 2020 contracted sales target has been set to take into account global market volatilities and effects of the coronavirus. At the epicenter of the coronavirus, operating conditions in China have slowed construction activity which affects availability of saleable resources, however, as the Group has built-up a sizeable saleable resource, the effects have minimum impact to the launch schedule when conditions normalise.

NATIONWIDE ROLLOUT OF ONLINE SALES PLATFORM TO DRIVE QUICKER CONTRACTED SALES AND CREATE A MORE COST-EFFICIENT SALES NETWORK

Even in today's traditional sectors like property, the borders of offline and online transactions are becoming blurred. Property buyer maturity has increased and are familiarised with buying and investing in property such that confidence towards online property transactions have increased. Since 2017, the Group has develop an in-house online sales platform called R&F HaoFang, which is a comprehensive end-to-end service and information provider of the real estate sector, sector related services and marketing platform for the Group's extensive project selection. Initially, the platform exclusively targeted existing network of offline buyers through actively promoting new projects but has since expanded to new prospective buyers starting with universal marketing network (全民營銷) under the brand R&F HaoFang – YDD (富力好房 — 佣多多). With the continuing focus toward online, it opens up endless possibilities for sales and marketing by adopting new technology and mediums such as virtual showrooms, video walkthroughs, live chats and network coordination between online and offline agents and actual site visits.

Apart from customer reach, R&F HaoFang has been instrumental in delivering strategic benefits and costs efficiencies to not only drive higher contracted sales, but also lower marketing costs with a wider access to a network of customers, agents, and consultants. Another long-term advantage of R&F HaoFang is being able to deliver a more targeted sales and marketing approach by identifying specific buyer preferences and demands. After a period of prolonged throughput traffic, R&F HaoFang can start identifying trends and profiles of customers matching unit profile, providing more in-depth and real-time customer preferences as compared to traditional market studies.

Since the platform's launch in 2017, R&F HaoFang has since had numerous upgrades that has led to over RMB30 billion worth of transactions crossing on the platform and over 3 million active registered users spanning customers, agents and real-estate related service providers. Most notably, with the outbreak of the coronavirus, the restriction of travel has had significant effect on achieving contract sales. However, the Group quickly took the opportunity further upgrade the platform and initiate an online sales promotion to stimulate property sales. Since the promotion, launched amidst the height of the coronavirus in China, the Group has registered near 10,000 unit sales during the first seven days, or close to 1 million sq.m. of GFA equivalent. The Group will continue to utilise R&F HaoFang to provide mutual benefits for online and offline property sales.

INCREASED LONG-TERM EQUITY CAPITAL HAS IMPROVED FINANCIAL STABILITY

In 2019 overall financing markets were volatile but access to capital was available depending on credit profile and investor familiarity. In the first half of the year, the Group took advantage of favourable market conditions to raise US$2.25 billion offshore bond and RMB6.78 billion onshore bond to extend near term maturity and refinance maturing short-term debt. The increase in liquidity reduced the Group's financial risk by repaying debt and lengthening the Group's maturity profile through early refinancing.

Heading into the second half of the year, financing markets saw a credit tightening trend. In 2019, there were RMB24.55 billion of onshore bonds with puttable options, of which investors exercised their put options of RMB1.43 billion worth of onshore bonds whereby the Group repaid in full, whilst another RMB23.12 billion of corporate bonds were extended sucessfully. As we expect financing markets to normalise, the Group will continue to proactively manage the remaining corporate bonds outstanding.

Another significant financing exercise in 2019 was the completion of new H-shares issuance, the first time since 2006 the Group has undertaken an equity placement. The total new shares issued was 273 million H-shares at an issuance price of HK$13.68 per share, raising a total fund of HK$3.735 billion. First initiated in 2018, the Group applied to China's Security and Regulatory Commission ("CSRC") to issue new equity in the form of new H-shares listed on the Stock Exchange of Hong Kong, and got approval in 2019. It meant the Group could apply and issue new H-shares to enlarge equity.

BUSINESS HIGHLIGHTS OF 2019

Overall financial results were robust with revenue up 18% to RMB90.81 billion as a result of higher GFA delivery of 8.3 million sq.m. but slightly lower average selling prices of RMB9,610 per sq.m. in 2019. Revenue breakdown in terms of cities were similar to previous years, with no real concentration of cities. Tier-1 and tier-2 cities contributed approximately 59% of total revenue on the back of 4.5 million sq.m. GFA recognized, or approximately 54% of GFA recognised. In terms of key cities, Taiyuan had the highest revenue contribution with 10% of revenue (6% in 2018) followed by Chongqing and Wuxi with approximately 5% each. The top 10 cities in 2019 comprised 45% of total revenue which is still quite low when compared to total revenue generated.

As average selling prices fell, so did gross margins. In 2019, Group gross margins fell slightly to 32.8% (36.4% in 2018) whilst gross margins from sale of properties only was 34.9% (40.3% in 2018). The lower gross margins primarily relate to lower average selling prices from property development as a result of sales discounts and product mix. However, based on the available locked-in contracted sales to be delivered of RMB96 billion, we expect gross margins and average selling prices to remain at similar levels even as markets remain volatile and the Group's scale continues to grow. Despite gross margins declining slightly, overall net margins remained similar to 2018 at approximately 11.1%, partially offset by lower land appreciation taxes and higher contributions from share of results of joint ventures and associates. EPS for 2019 increased 15% over the previous year.

Liquidity continues to be a long-terms focus, and with overall debt financing remaining stable, the Group lowered its net gearing level from the interim period in 2019. To maintain a health liquidity position, the Group maintained a high cash balance of RMB38.44 billion to address foreseeable needs and will continue to conserve an adequate cash level in the foreseeable term. Overall financing costs were steady at 6.6% p.a. in 2019.

Land bank in 2019 was more prudent with land banking of RMB24.40 billion, or 18% of 2019 contracted sales which is low when compared to historical years. The land banking in 2019 has been selective and concentrated in strategic areas. Currently, the Group's 57.9 million sq.m. of land bank is largely concentrated in Northern China (22% of land bank by value) followed by Northwestern China (18% of land bank by value). Not included in land bank is urban redevelopment land where the upside development revenue potential is significant.

In 2019, the combined investment property and hotel revenue was RMB8.24 billion, or 9% of total revenue, providing stable recurring income to the Group. This segment of recurring income, particular investment property revenue, is expected to continue to grow as the Group has 2.3 million sq.m. of potential GFA pipeline of investment property development alone.

THE OUTLOOK FOR 2020

A returned focus to contracted sales and delivering revenue

With the effects of coronavirus having an impact on all sectors and economies globally, the importance of generating contracted sales becomes a key focus in 2020 from a liquidity and earnings perspective. The disruptions in the first quarter have presented additional challenges in achieving significant growth in contracted sales due to loss time and market sentiment, however, the Group has significant available resources to achieve a target contracted sales of RMB152 billion having available saleable resources from 2019 of RMB120 billion and new additions of RMB150 billion. The Group will focus on a wide sales distribution across 110 cities with close to two-thirds sales target expected to be in tier-1 and tier-2 cities.

The Group will also continue the push in driving sales from its' R&F HaoFang online platform to stimulate a wider distribution of buyers.

CONSERVATIVE FINANCIAL MANAGEMENT OF LIQUIDITY AND DEBT TO REDUCE NEAR TERM RISK

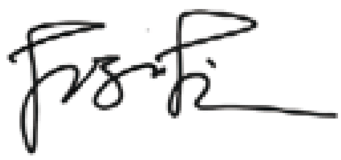
The Group has traditionally focused on cash management to ensure it is able to meet debt liabilities and capital investments in land bank, construction and operating expenditures. However, with uncertainties in various markets and operating conditions as a result of the coronavirus, the Group will adopt an even more prudent approach in terms of capital expenditures. Land banking will be more selective, construction primarily targeted at near term revenue, and near-term debt will be opportunistically lengthened to reduce near term risk.

In the first quarter of 2020, the Group has already made inroads in addressing future debt maturities with the issuance of a new USD denominated senior secured note of US$400 million with long-term maturity of 4-year, the use of proceeds used to tender for similar senior secured notes maturing in 2021. The net result is no significant changes in overall gearing position, but significant terming out of maturities to 2024. The group also received RMB5 billion private placement note ("PPN") approval from National Association of Financial Market Institutional Investors ("NAFMII") in the first quarter of 2020. The Group will continue to assess market conditions throughout the year and further manage near term risks in the event market conditions remain volatile.

ACKNOWLEDGEMENTS

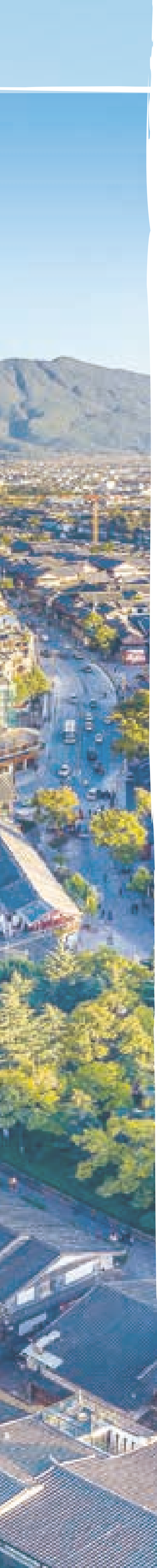
Amidst a backdrop of challenging operating conditions and the coronavirus, the importance of a stable management team is paramount to ensure the Group is able to overcome adversity and deliver results in line with shareholder expectations. With the support and experience of our strong management team, I am confident the Group will not only meet those challenges but also deliver a strong set of results for 2020. Hence, I would like to thank our management team and every staff member for their contributions in 2019 and look forward to working side-by-side to address challenges in 2020 head on.

To our shareholders, I would like to reassure everyone that myself and the management team will continue to work hard to deliver more than satisfactory results as return for their confidence and support of the Group. Also, under current conditions, myself and management will continue to maintain transparency and openness to changes in markets and the Group so shareholders will be able to make an informed decision. Together, we look forward to continuing to work together as we have done since listing.



Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer



CONTRACTED SALES

The Group's attributable contracted sales in 2019 were RMB138.2 billion, increased 5% year-on-year. The contracted sales were generated from 210 projects in 26 provinces (including municipalities and autonomous regions) across 7 regions of China (Northern China, Eastern China, Northwestern China, Southern China, Southwestern China, Central Southern China and Hainan) and 4 overseas countries. On a province basis, contracted sales of Guangdong, Shanxi, Zhejiang, Jiangsu, Tianjin, Chongqing, Hebei, Inner Mongolia, Shandong and Heilongjiang were the highest top 10, which contributed approximately RMB97.9 billion, accounting for 71% of total attributable contracted sales of the Group. On the year-on-year growth basis, Xinjiang, Hunan and Heilongjiang experienced the most significant growth, with year-on-year growth of 145%, 123% and 119% respectively. In 2019, the Group launched, in total, 52 new projects, accounting for 15% of total contracted sales of the Group. Attributable contracted sales of the Group in terms of GFA increased by 23% to 12,547,600 sq.m. from 10,180,100 sq.m., and the average selling price in 2019 was approximately RMB11,000 per sq.m..

Details of the Group's 2019 attributable contracted sales by geographical distribution are set out below:

Region	Area	Approximate attributable saleable area sold (Thousand sq.m.)	+/- vs. 2018 (%)	Approximate attributable total value (RMB million)	+/- vs. 2018 (%)
Northern China	Tianjin	761.5	57%	9,044.2	33%
	Hebei	710.5	24%	6,943.9	10%
	Shandong	588.6	33%	5,974.0	22%
	Heilongjiang	401.2	138%	5,294.2	119%
	Beijing	185.2	25%	4,801.3	-19%
	Liaoning	569.0	176%	4,145.9	108%
	Henan	116.3	6%	1,223.4	-21%
Eastern China	Zhejiang	703.2	6%	13,417.1	10%
	Jiangsu	841.7	41%	11,654.7	38%
	Shanghai	70.1	-11%	3,207.8	-26%
	Anhui	237.4	-36%	2,122.8	-23%
Northwestern China	Shanxi	1,465.9	14%	15,467.1	5%
	Inner Mongolia	847.4	21%	6,650.7	16%
	Shaanxi	894.0	261%	4,732.2	84%
	Xinjiang	46.0	145%	542.7	145%
Southern China	Guangdong	1,623.2	28%	15,471.0	-5%
	Guangxi	25.0	-15%	220.6	-41%
Southwestern China	Chongqing	870.1	6%	7,937.8	8%
	Guizhou	94.8	-64%	1,189.7	-61%
	Sichuan	116.3	21%	1,076.8	18%
	Yunnan	45.3	N/A	546.9	N/A
Central Southern China	Jiangxi	417.5	16%	4,342.2	13%
	Fujian	242.4	-32%	2,794.0	-40%
	Hunan	222.0	106%	1,982.3	123%
	Hubei	61.0	-33%	552.7	-21%
Hainan	Hainan	261.4	-31%	4,335.8	-27%
Overseas	Malaysia	66.0	-65%	1,366.4	-65%
	Cambodia	55.3	-52%	829.1	-47%
	Australia	7.7	-49%	216.4	-66%
	United Kingdom	1.6	N/A	108.1	N/A
Total		**12,547.6**	**23%**	**138,191.8**	**5%**

Region	Approximate attributable saleable area sold (Thousand sq.m.)	+/- vs. 2018 (%)	Approximate attributable total value (RMB million)	+/- vs. 2018 (%)
Northern China	3,332.3	56%	37,426.9	25%
Eastern China	1,852.4	8%	30,402.4	9%
Northwestern China	3,253.3	44%	27,392.7	18%
Southern China	1,648.2	27%	15,691.6	-6%
Southwestern China	1,126.5	-5%	10,751.2	-5%
Central Southern China	942.9	3%	9,671.2	-4%
Hainan	261.4	-31%	4,335.8	-27%
Overseas	130.6	-59%	2,520.0	-58%
Total	**12,547.6**	**23%**	**138,191.8**	**5%**

PROJECTS UNDER DEVELOPMENT

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 30,236,000 sq.m. of GFA under development, and during the year started construction of approximately 13,323,000 sq.m. GFA. During the year, the Group completed 11,023,000 sq.m. GFA of development properties with 8,673,000 sq.m. of saleable area, and completed 193,000 sq.m. attributable GFA of investment properties. By the end of 2019, the Group's GFA under development had increased by 7% to approximately 32,342,000 sq.m.. This GFA of properties under development at year-end together with further planned construction newly starts in 2020, is expected to make available pre-sale permits for properties with an approximate value of RMB270 billion, which should provide a solid basis for meeting the Group's sales target for 2020.

The following is the position as at 31 December 2019:

Area	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Northern China	8,185,000	5,868,000
Eastern China	4,396,000	2,959,000
Northwestern China	6,497,000	4,694,000
Southern China	4,379,000	3,343,000
Southwestern China	2,049,000	1,510,000
Central Southern China	3,027,000	2,258,000
Hainan	1,576,000	1,268,000
Overseas	2,233,000	1,559,000
Total	**32,342,000**	**23,459,000**

LAND BANK

In 2019, the Group continued to apply the same conservative and balanced criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fullfillment of profit forecast and quickness of turnover. The Group acquired 38 plots of land in 32 cities and regions with additional saleable area of approximately 9,389,000 sq.m., 23 plots out of the 38 plots of land are located in the cities and regions where the Group currently has operations and 15 plots of land are located in the 15 cities where we have newly established business presence. The Group's total land bank at year-end was attributable GFA of approximately 70,605,000 sq.m. and attributable saleable area 57,858,000 sq.m., distributed across 103 cities and regions in China and overseas cities. Details are given below:

Location	Approximate attributable Total GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Development Properties		
Northern China	16,013,000	13,313,000
Eastern China	8,073,000	6,344,000
Northwestern China	14,449,000	11,943,000
Southern China	6,278,000	5,540,000
Southwestern China	6,647,000	5,495,000
Central Southern China	7,170,000	6,267,000
Hainan	3,036,000	2,689,000
Overseas	6,423,000	3,956,000
Sub-total	**68,089,000**	**55,547,000**
Investment Properties	**2,516,000**	**2,311,000**
Total	**70,605,000**	**57,858,000**

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. The Group's investment properties portfolio as at 31 December 2019 is approximately 4,866,400 sq.m. in total GFA, among which GFA of investment properties under operation is approximately 2,520,300 sq.m., and GFA under development or planning is approximately 2,346,100 sq.m..

HOTEL OPERATION

As of 31 December 2019, the Group currently has 90 hotels under operation, with total GFA 3,952,200 sq.m. and 27,173 hotel rooms. The 90 hotels are managed by the well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group became the largest deluxe hotel owner globally with 42 hotels under development and planning, 90 hotels under operation, totally 132 hotels. During the period, the Group opened a new hotel Double Tree by Hilton Huidong Resort in Huizhou, total GFA 48,700 sq.m. with 308 hotel rooms. The hotel is managed by Hilton Worldwide Holdings Inc..

OUTLOOK

For 2020, the Group's attributable contracted sales target has been set at RMB152 billion, approximately 10% more than its actual contracted sales for 2019. This target will be achieved from sales of over 230 projects, RMB270 billion in saleable resources. For 2020, the Group plans to deliver approximate 9,390,000 sq.m. saleable area of development properties. The details are set out below:

Location	To be completed in 1st half of 2020		To be completed in 2nd half of 2020		2020 Full Year Estimate	
	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Northern China	886,000	685,000	1,312,000	1,176,000	2,198,000	1,861,000
Eastern China	623,000	433,000	1,034,000	721,000	1,657,000	1,154,000
Northwestern China	738,000	690,000	1,826,000	1,704,000	2,564,000	2,394,000
Southern China	284,000	260,000	1,048,000	759,000	1,332,000	1,019,000
Southwestern China	512,000	400,000	741,000	562,000	1,253,000	962,000
Central Southern China	417,000	364,000	802,000	624,000	1,219,000	988,000
Hainan	145,000	138,000	275,000	215,000	420,000	353,000
Overseas	199,000	150,000	717,000	509,000	916,000	659,000
Sub-total	**3,804,000**	**3,120,000**	**7,755,000**	**6,270,000**	**11,559,000**	**9,390,000**
JV (Attributable)	98,000	82,000	264,000	171,000	362,000	253,000
Investment Properties	150,000	150,000	716,000	716,000	866,000	866,000
Total	**4,052,000**	**3,352,000**	**8,735,000**	**7,157,000**	**12,787,000**	**10,509,000**

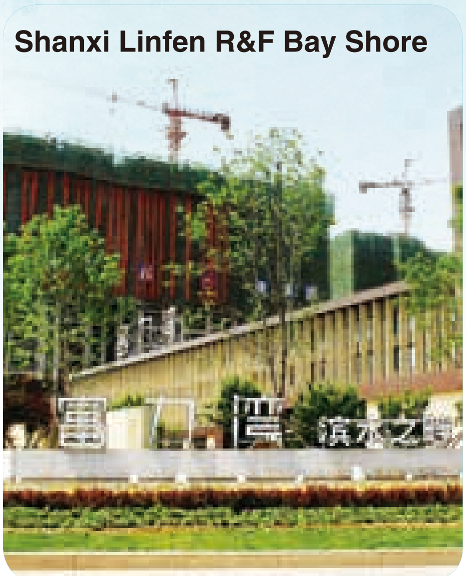
Yuebei Lechang R&F Shangyue Court

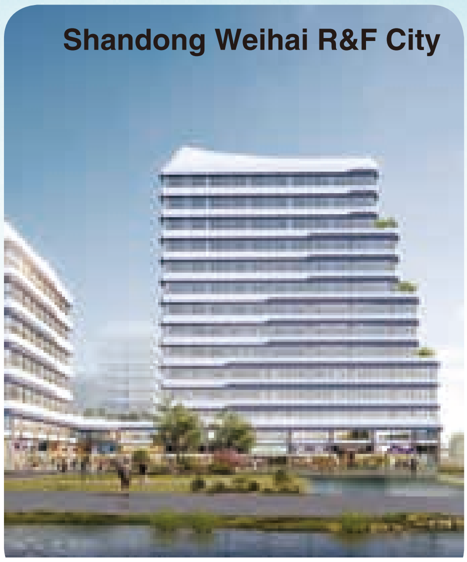
Meizhou R&F Yanshan Lake

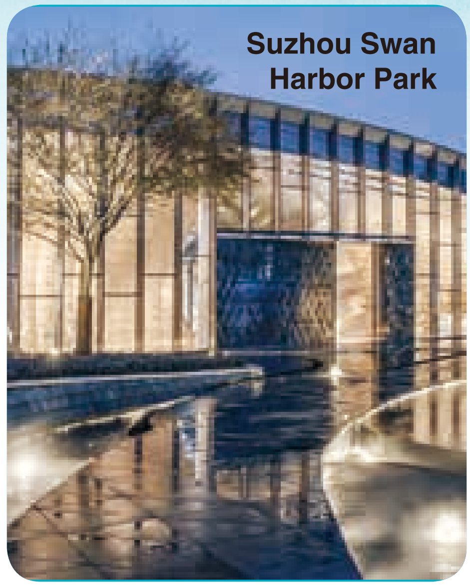
Beijing CCCc R&F No. 10 Mansion

Jiangxi Fuzhou R&F Shangyue Court

Zhejiang Jiande R&F Yujiang Hills


Shanxi Linfen R&F Bay Shore


Shandong Weihai R&F City

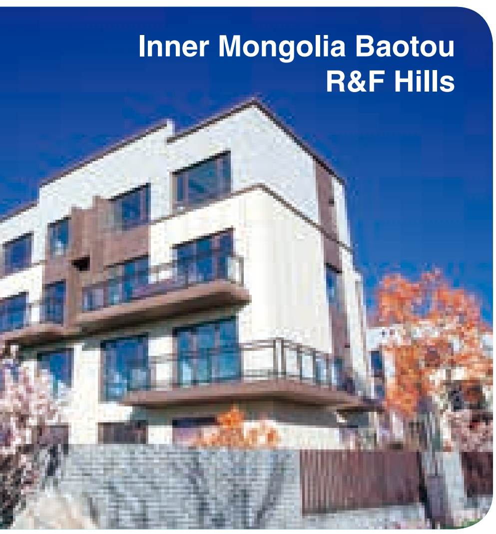

Suzhou Swan Harbor Park


Hebei Shijiazhuang R&F Plaza

Guangzhou R&F Global Merchandise Center


Henan Kaifeng R&F Bay Shore


Beijing Qinhuangdao R&F Golden Jubilee


Inner Mongolia Baotou R&F Hills


Shanghai Jiaxing R&F Yunting Yaju

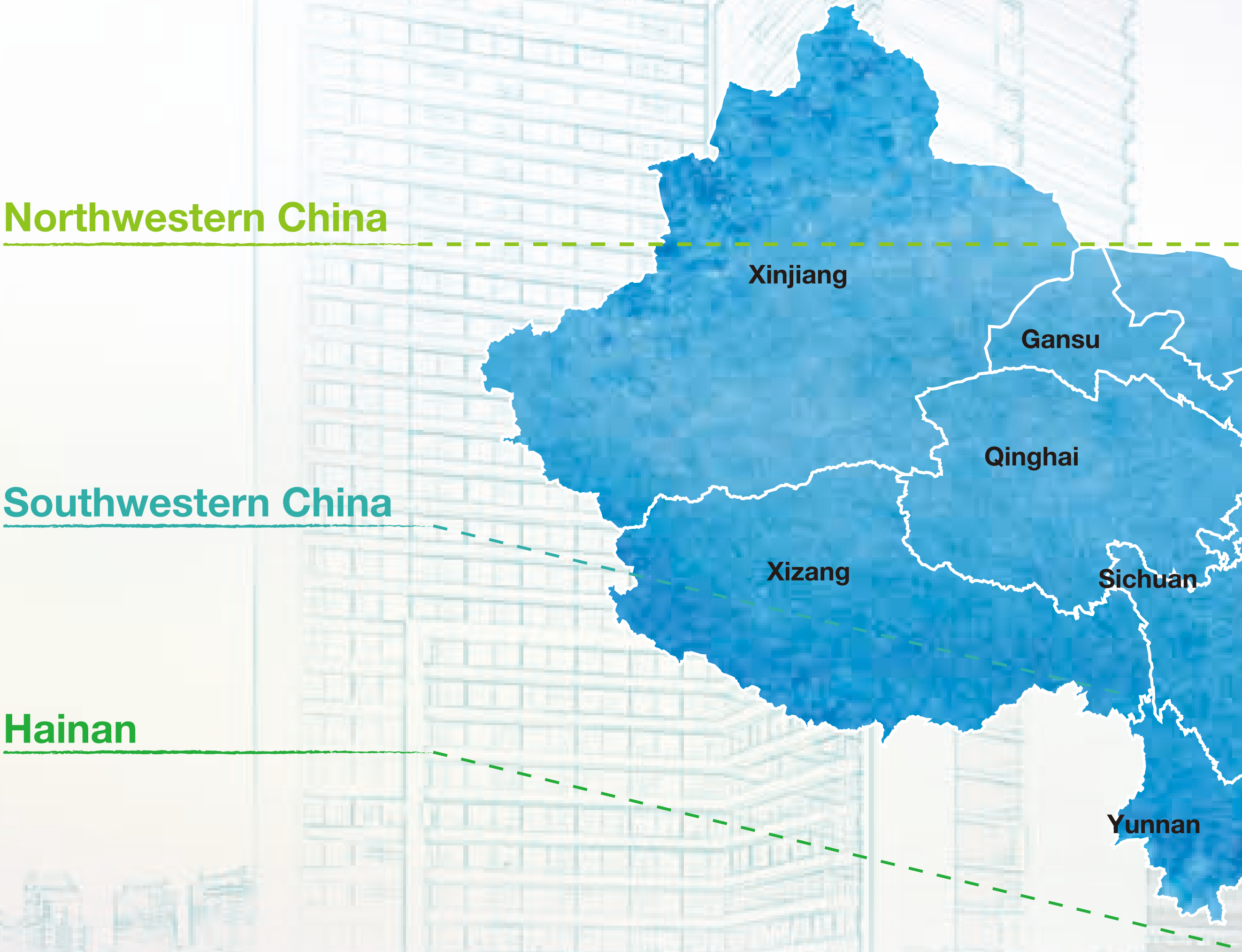

Guilin R&F City


Jiangsu Yancheng Science and
Technology Innovation City


Hangzhou R&F Center


Jiangxi Ganzhou R&F Modern City

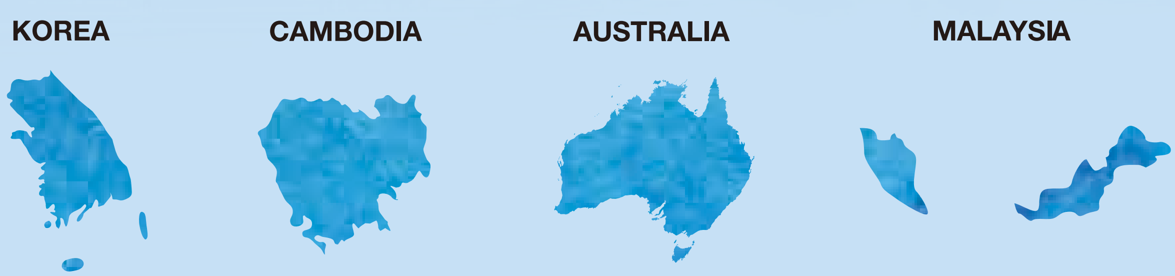

Anhui Luan
R&F Cambridge Court



Overseas

Northern China – Beijing, Tianjin, Henan, Hebei, Shandong, Liaoning and Heilongjiang;
Eastern China – Shanghai, Zhejiang, Jiangsu and Anhui;
Central Southern China – Fujian, Jiangxi, Hunan and Hubei;
Southern China – Guangdong and Guangxi;
Northwestern China – Shanxi, Shaanxi, Inner Mongolia and Xinjiang;
Southwestern China – Sichuan, Guizhou, Yunnan and Chongqing;
Hainan – Hainan;
Overseas – Malaysia, Australia, Cambodia, Korea and United Kingdom.


Heilongjiang
Northern China
Inner Mongolia
Jilin
Liaoning
Beijing
Tianjin
Hebei
Shanxi
Ningxia
Shandong
Eastern China
Shaanxi
Henan
Jiangsu
Anhui
Hubei
Shanghai
Chongqing
Zhejiang
Hunan
Jiangxi
Central Southern China
Fujian
Guangxi
Guangdong
Southern China
Hainan


KOREA
CAMBODIA
AUSTRALIA
MALAYSIA

INVESTOR RELATIONS

The Company places great importance on opinions from the capital markets, therefore we maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication in 2019. Investor relations of the Group is committed to keep close contact with investment community, maintain long-term relationship with existing shareholders and bond investment institutions, also contact and expand the potential investment institutions constantly. Through an active and open dialogue, we regularly provide updates on our operations and financial position clearly. The aim of the Company's relation with investors is to allow investors to make an informed assessment of the Company and attain a high level of governance, maximize the benefits of the Company as a whole and protect investors' legal right.

During the year, the Company announced the 2018 Annual Results and the 2019 Interim Results. By organizing meetings with analysts and press respectively, the Chairman being accompanied by the management met the investors personally and answered related questions in detail. Moreover, the Company sought opportunities to interact in depth with many institutional investors one by one through non-deal roadshows ("NDR") after the results presentation in various places like Hong Kong, Singapore and London. During the year, we met investors more than 1,000 person-time.

In regard to communication and interaction with investors, the Company has facilitated regular investor site visits, engaged in face-to-face meetings, held conference calls, and participated in investor conferences and forums to make available ourselves for every opportunity to interact with investors. The Company values every opportunity to engage in open conversation with the investment community to provide updates on industry developments, upcoming trends and the overall macro environment as well as how the Company will respond to future challenges. In 2019, we attended over 25 global conferences, post-result analyst meetings, and NDR in Asia and Europe.

In the same time, the Company maintains close communication with rating agencies; during the period, Moody's and Fitch upgraded the Company's rating outlook to stable. In 2019, the Company issued six USD offshore bonds with total amount USD2.7 billion, successfully completed the offshore debt refinancing task, and made efforts to reduce the financing cost while appropriately extending the term of the debt profile. It shows the recognitions and supports to the company from the fixed-income investment institutions.

By the end of 2019, with the approval of the China Securities Regulatory Commission, the Company has undertaken an equity placement and issued 273 million new H-shares, it was the first time since 2006. Under the support by institutional investors, the issuance attracted about six times coverage and finally priced at its' upper limit of the inquiry interval, and placement amount totaled HKD3.735 billion. The successful placement helps to improve the Group's liquidity and reduce its leverage ratio.

The Company would like to thank all investors and shareholders who have provided feedback and constructive suggestions to the Company to take onboard and their long-term support for our Company. We would also like to thank the property research community for their hard work in providing transparent and detailed analysis for the sector and the Company. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor.

2019

Month	Conference/Roadshow
January	• United Bank of Switzerland ("UBS") Greater China Conference 2019 (Shanghai)
March	• Post-result NDR with Citibank ("Citi") (Hong Kong) • Post-result NDR with CLSA (Hong Kong) • Post-result NDR with CGS-CIMB Securities International Pte. Ltd. ("CGS-CIMB") (Hong Kong) • Post-result NDR with Deutsche Bank ("DB") Access (Hong Kong) • Post-result NDR with Hong Kong and Shanghai Banking Corporation Limited ("HSBC") (Hong Kong) • Post-result NDR with Goldman Sachs (Asia) L.L.C.("Goldman Sachs") (Singapore) • Post-result NDR with HSBC (Singapore) • Post-result NDR with Merrill Lynch (Asia Pacific) Limited (a subsidiary of Bank of American Merrill Lynch) ("BAML") (Singapore)
April	• Post-result NDR with HSBC (London) • Post-result NDR with China International Capital Corporation Limited ("CICC") (Hong Kong)
May	• HSBC 6th Annual China Conference (Shenzhen) • 10th Annual dbAccess Asia Conference 2019 (Singapore) • UBS HK/China Property Conference 2019 (Hong Kong)
June	• Haitong International Securities Group Limited Property Corporate Day (Hong Kong) • CGS-CIMB HK/China Property Conference (Hong Kong) • Citi's Asia Pacific Property Conference 2019 (Hong Kong)
August	• Post-result NDR with Citi (Hong Kong) • Post-result NDR with CGS-CIMB (Hong Kong) • Post-result NDR with HSBC (Hong Kong) • Post-result NDR with HSBC (Singapore)
October	• Nomura China Property Corporate Day (Hong Kong)
November	• BAML 2019 China Conference (Beijing) • Citi China Investor Conference 2019 (Macau) • Morgan Stanley 18th Annual Asia Pacific Summit (Singapore)

ABOUT THE REPORT

This is the fourth Environmental, Social and Governance ("ESG") report of Guangzhou R&F Properties Co., Ltd. ("R&F Property", "R&F" or the "Company"), which aims at raising stakeholders' understanding of the Company's sustainability strategies as well as the performance on significant social and environmental aspects. The board of directors of the Company has reviewed and approved the report, confirming that the content is accurate, factual and complete.

REPORT GUIDELINE

The report has been prepared in accordance with the core option of the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards, in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and based on actual conditions of the Company. Further to Consultation Conclusions on ESG Reporting Guide published by the Stock Exchange in December 2019, this report has implemented the principle of materiality to identify material topics, and disclosed the methodology of data computation by adhering to the reporting principles of materiality, quantitative and consistency.

SCOPE OF THE REPORT

This report discloses the Group's performance on environmental and social aspects from 1 January 2019 to 31 December 2019. While the social performance data in the report cover the entire Group, the environmental performance data cover 253 projects and hotels under operation managed by in-house Property Management Team and business management companies, including 148 residential projects, 16 commercial projects and 89 hotels, expanding from 82 projects in last year's report. The Group improves its data collection on an ongoing basis and continues to expand its reporting boundary. For an overview of disclosure of performance on each indicator, please refer to the performance data summary and content index at the end of the report.

FEEDBACK

We have taken into consideration the interests of different stakeholder groups in preparing the report, aiming to strike a balance. We strive to disclose the performance on issues of concern to different stakeholders, keeping the report plain, clear and easy-to-read. In the future, we will continue to improve the content and disclosure of the report. If you have any questions or suggestions about this report, please feel free to contact us with the following details:

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Tel.: 8620 38882777
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E-mail: gzrfir@rfchina.com

CHAIRMAN'S MESSAGE

Dear stakeholders,

R&F adheres to its development strategy of "create a quality living with the heartbeat of the city", striving to construct every property project with heart and develop sustainable community in every city. We understand that the operations of R&F Property generate far-reaching impacts to domestic living. By bearing our share of responsibility on environment and society, we believe promoting sustainable development is the only route to a quality living.

Reaching sustainability requires multi-stakeholder collaboration as we pay attention to different concerns from different groups of stakeholders. During the year, we have continued to engage with our stakeholders including investors, employees, business partners, suppliers, community, regulators and environmental NGOs, exchanging views on sustainability topics more broadly and deeply. By issuing this fourth Environmental, Social and Governance Report, we hope our stakeholders have a clearer and more transparent understanding of R&F's achievement and performance on sustainability in the last year.

The Stock Exchange published the consultation conclusions on ESG Reporting Guide in December 2019. Although the amendments have not yet been effective, the Board is aware of its responsibility on supervising the material ESG risks, and optimising the sustainability governance structure gradually. During the year, we have already responded to part of the new disclosure requirements.

STRIVING TO BE THE BENCHMARK OF GREEN BUILDING

R&F has been proactively responding to the national metropolitan ecological protection and construction plan, exploring the implementation of sustainable construction. Leveraging our decades of experience in design and planning, we have started collaborating with multiple departments, such as the Design Institute and the office of the Chief Engineer, at the design stage on project evaluation, focusing on comfort, practicality, environment-friendly features and safety factors for continuing optimisation. We adopt a flexible approach in low-carbon and energy saving, aiming to integrate sustainable elements in design, materials and interior design, and energy management system.

Consumption of energy and water during construction cannot be underestimated. Our property management team establishes performance targets on energy and water. By implementing energy and water saving initiatives, we are committed to reducing our consumption of resources. This year, we have also commenced assessing potential risks on climate change, aiming to identify material risks in advance and undertake preventive measures.

In 2019, 46 projects of R&F with area exceeding 5.2 million sq.m. have obtained green building certificates. As of 2019, the Group have 128 green buildings, with an area of approximately 16 million sq.m, including 103 certified projects.

CREATING VALUE FOR OUR CUSTOMERS

R&F has established a comprehensive quality management system, ensuring the quality and safety of its building and property management practices and safeguarding the interests of property owners and tenants. During the year, we have revised the management approach of various construction and property projects to optimise product quality further. Through maintaining an open and transparent communication channel, we are able to discover the genuine needs of our customers and respond to their concerns in a timely manner.

IMPLEMENTING A CULTURE OF INTEGRITY AT WORK

Monitoring integrity in our operation is one of the major obligations to our stakeholders such as our valued customers and employees. We have established the Code of Integrity, in order to regularly raise our employees' awareness on our integrity requirements, together with onsite training, internal publications and WeChat official account. During the year, a total of 35 integrity training sessions have been organised, over 3,800 employees have received education with the scope of training covering the Group and its regional subsidiaries, in order to deepen the understanding of all employees on the importance of anti-corruption in the corporate internal environment and the necessity of enhancing self-awareness of anti-corruption. To further strengthen our capability against corruption, we have established a comprehensive network of anti-corruption by cooperating between our internet monitoring centre and the external monitoring alliance.

BUILDING BUSINESS WITH OUR EMPLOYEES

Human resources are pivotal to realising sustainability. R&F concerns the health & safety of every employee and stipulates stringent requirements on health & safety which are communicated clearly to all construction sites. By undertaking safety inspection and reward/penalty system, as well as ongoing safety training, we promote the implementation of safety management in every project. In addition, we offer a clear career development pathway for our employees, enabling them to pick the path suitable to their respective capabilities and career plans and aligning their development with the growth of the Group.

CARING FOR THE COMMUNITY

R&F has been organising a variety of community activities with various stakeholders. During the year, we continued to focus on five areas, including community safety, cultural education, humanity, poverty alleviation and young & elderly care, aiming to create value for the local communities. As at the end of 2019, R&F has donated a total of approximately RMB520 million.

Sustainability is consistent with our business operations. To achieve positive symbiosis, we need to embed sustainability into daily operations to the fullest extent, improving our performance on material sustainability topics on an ongoing basis. We will further strengthen our efforts in the future to engage with stakeholders, optimising the level of disclosure. I would like to take this opportunity to thank all stakeholders and expect your continual support on R&F.

Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

26 March 2020

2019 MAJOR RECOGNITIONS

2019 Best 10 of China Real Estate Developers	2019 Best 10 of Comprehensive Strength of China Real Estate Developers
	
2019 Best 10 of China Real Estate Listed Companies with Strongest Comprehensive Strengths	**2019 Best 10 of China H-shares Real Estate Listed Companies**
	
2019 Best 10 of China Commercial Real Estate Developers Brand Value	**2019 Best 10 of China Commercial Real Estate Developers**
	
Green Credit Index 83.2, Green Credit Rating A, Ranking 10	**Employer Excellence China 2019-2020**
	

SUSTAINABILITY MANAGEMENT

The Board of the Group is the highest governance body for the ESG work which is responsible for the ESG matters and is responsible for ensuring the effectiveness of the established ESG risk management system and an internal control system, as well as assessing and approving the annual ESG report.

Under the supervision of the Board, the sustainability work of the Group is coordinated by multiple departments, including management centre, supervision centre, engineering supervision and management centre, audit centre, cost monitoring centre, human resources management centre, investor relations department, asset management centre, as well as other functional subsidiaries including property service group, Tianli Construction, commercial operation management and other functional subsidiaries.

In accordance with the requirements of the Group, all departments and subsidiaries are responsible for communicating with their relevant stakeholders and identifying stakeholders' concerns on sustainability initiatives of R&F. Besides, relevant departments are responsible for collecting ESG information and data, adhering to the plan of the Group. We regularly compile the ESG data of the entire Group, in order to review and supervise related performance.

SUSTAINABILITY RISK IDENTIFICATION

The audit committee of the Group reviews the risk management and internal monitoring work of the Group every half year and reports to the Board which in turn assesses the effectiveness of the risk management and internal control systems. The related reviewed content is disclosed to the shareholders in the Corporate Governance Report.

In 2019, we re-examined the list of risks and further refined the potential ESG risks in accordance with the internal operation within the Group, the external operating environment, as well as the changes in laws and regulations. Although the outcome of assessment during the year indicated that ESG risks may not present material impact to the Group, we will continue to improve the relevant performance in order to meet the development needs of the Group and expectations of stakeholders.

SUPPORT UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

R&F views the achievement of sustainable development goals as a significant direction for its operation. We pay attention to the challenges faced by global sustainable development and support the 17 Sustainable Development Goals ("SDGs") defined by the United Nations. We have identified several SDGs relating to business of the Group as follows and summarised our actions contributing to the realisation of the SDGs.

SDGs	Targets	Our Actions	Corresponding Sections
Goal 6 clean water and sanitation	Target 6.3 – reduce pollution Target 6.4 – increase water-use efficiency	• Set water-saving targets • Implement water-saving measures in the Group's property management and hotel projects • Recycle domestic wastewater and use it for greening irrigation after filtration • Monitor and test the wastewater regularly to ensure the discharge meets the standard	• Reduce Emissions for the Blue Sky
Goal 8 decent work and economic growth	Target 8.7 – prohibit use of child labour	• Resolutely prohibits the hiring of child and/or forced labour such as requiring applicants to provide identification	• Build Careers for Employees
Goal 9 industry, innovation and infrastructure	Target 9.1 – develop quality, reliable, sustainable and resilient infrastructure	• Conduct environmental impact assessment adhering to local standards • Arrange firefighting and drainage facilities reasonably when designing and developing property management	• Reduce Emissions for the Blue Sky • Safeguard Health and Safety
Goal 11 sustainable cities and communities	Target 11.1 – ensure access for all to adequate, safe and affordable housing and basic services	• Ensure the quality and security of property projects at construction and management stages • Actively develop city revitalisation projects and improve the living conditions of old town areas	• Create Value for Customers
Goal 12 responsible consumption and production	Target 12.2 – sustainable and efficient use of natural resources Target 12.5 – reduce waste generation	• Use of environmentally friendly designs in green bulidings • Establish energy-saving targets and implement energy-saving measures	• Reduce Emissions for the Blue Sky
Goal 13 climate action	Target 13.1 – strengthen resilience and adaptive capacity to climate-related hazards and natural disasters Target 13.3 – improve awareness on climate change mitigation and adaptation	• Adopt international guidelines on disclosure of response to climate change and conduct climate related risk analysis • Identify risks and opportunities brought by climate change and disclose the data of greenhouse gas emission completely	• Reduce Emissions for the Blue Sky

STAKEHOLDER ENGAGEMENT

R&F has many stakeholders, including employees, customers, investors, suppliers and contractors. We regard the expectations of stakeholders as an important factor when formulating sustainability strategy. While pursuing the economic value, we are committed to fulfilling the expectations of stakeholders. We have maintained smooth and efficient communication with stakeholders through various channels and platforms.

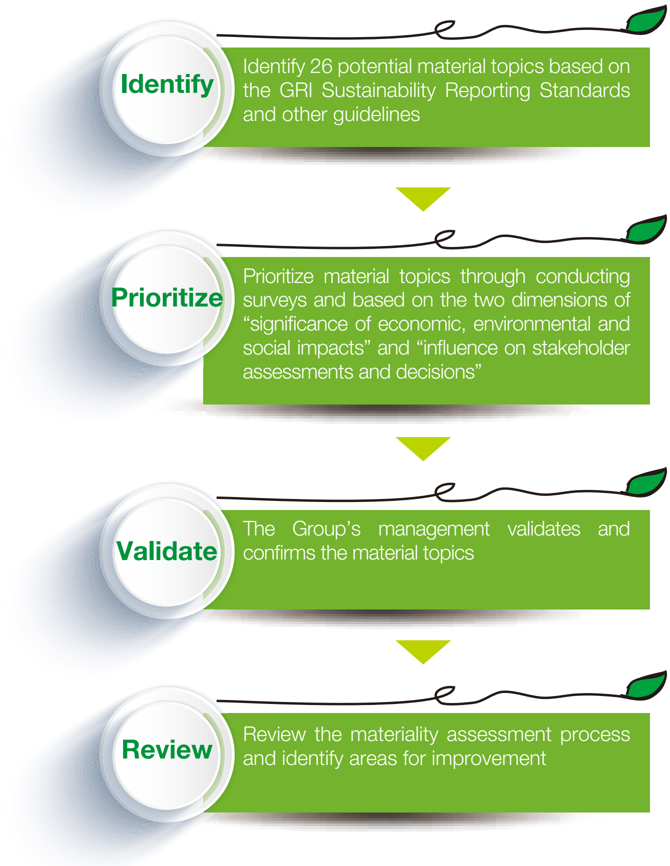
Opinions of stakeholders on our sustainable development help us to formulate related action plans. During the year, we had dedicated communication on sustainability issues with multiple stakeholder representatives from employees, customers, suppliers, contractors and NGOs through surveys. The responses received are a major consideration when determining our material topics.

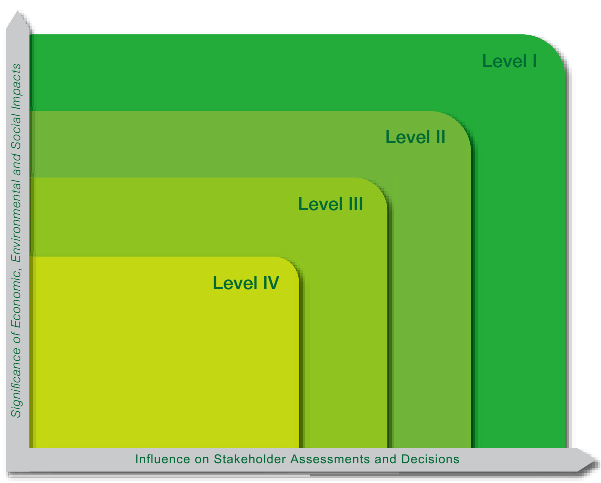
MATERIALITY ASSESSMENT

R&F's operations involve a wide range of environmental and social issues. We refer to the ESG Reporting Guide from the Stock Exchange and GRI Standards to identify the Group's material topics through the process of identification, prioritisation, validation and review.

Based on the two guidelines mentioned above, Sustainability Accounting Standards Board, peer analysis and media coverage, we have identified 26 potential material topics, covering environmental, social and economic aspects. We then invited various stakeholders to assess the importance of potential topics, gauging their "influence on stakeholder assessments and decisions". Meanwhile, the management assessed "significance of economic, environmental and social impacts" of the topics according to their professional knowledge on the Company and the industry.

Based on the assessment on the two dimensions mentioned above, we identified material topics and determined the following materiality matrix. The topics in materiality matrix are categorised into four levels (Level I to Level IV). Topics classified in Level I, scoring high in one or both dimensions, are identified as the Group's material topics.





Level I
- Anti-corruption
- Talent management
- Customers satisfaction
- Training and development
- Company economic performance
- Product and service quality management
- Business ethics
- Product health and safety
- Green building

Level II
- Product sales and advertisement
- Supplier assessment
- Social and economic compliance
- Economic benefits generated by the Company to the regions where it operates
- Occupational health and safety
- Environmental compliance
- Child labour and forced labour prevention
- Protection of human rights
- Anti-competition management

Level III
- Anti-discrimination
- Community involvement
- Employee communication
- Customer privacy management

Level IV
- Diversity and equal opportunity
- Resource management
- Emission management
- Response to climate change

According to the analysis, R&F's material topics in 2019 are consistent with those in 2018, including anti-corruption, talent management, customers satisfaction and product and service quality management. In this year, we identified three new material topics, including training and development, product health and safety and green building. We are of the view that these three topics are closely related to our current business strategy and external environment. We will improve the management in daily operations to fulfill the expectations of stakeholders and meet the needs of sustainability.

Report Chapters	Material Topics	Topic Boundary		2019 Key Priorities
		Internal	External	
Operate with Integrity and Honesty	Anti-corruption	✓	Suppliers/ Contractors	• Organised a series of anti-corruption activities, including the distribution of internal publication, and on-site visits to Museum of Integrity Education • Established multiple promotional channels for integrity, for example, WeChat official account, micro-anime for education and supervision • Maintained open and unobstructed reporting channels • Participated in the "Guangzhou Property Monitoring Alliance"
	Business ethics	✓		• Continued to implement Code of Integrity, requesting employees to strictly comply with the codes
Safeguard Health and Safety	Product health and safety	✓	Contractors	• Updated overall safety requirements for construction projects, and require abidance by various security systems • Identified sources and distribution of potential threats and formulate corresponding safety management plans • Regularly commissioned an independent third-party to assess the fire safety measures of the hotel • Regional property companies inspect the daily safety management measures of the Service Centre half-yearly
Reduce Emissions for the Blue Sky	Green building	✓	Suppliers	• Explored the application of Green Building Evaluation Criteria GB/T 50378-2019 • Organised cross-departmental joint review from the initial stage of project design • A total of 103 projects have obtained green building certificates, and 128 projects applied the green building design criteria, with a total building area of approximately 16 million sq.m.
Create Value for Customers	Product and service quality management	✓	Contractors	• Revised Company policies such as "R&F Project Quality Appraisal Approach", "Property Management Basic Standard 2.1" • Strictly carried out "one-to-one inspection", and organised visits after delivery
	Customer satisfaction	✓		• Revised "R&F Customer Satisfaction Survey Management Approach" • Conducted at least one survey for each project either three months after delivery or projects whose delivery rate reached 80%
Build Careers for Employees	Talent management	✓		• The performance assessment and quality assessment as the main criteria for occupational promotion • Provided extra vacations, housing welfare, free physical examination, etc. to employees • Regularly organised outward bound activities such as hiking, running, etc. to enrich the lives of employees
	Training and development	✓		• Extended "Fully Learn Mobile Learning Platform" to the whole Group • Helped employees to set short-term and long-term career goals
"Financial Highlight" in the Annual Report	Company economic performance	✓		• Refer to the "Financial Highlights" in the annual report

OPERATE WITH INTEGRITY AND HONESTY

The Group has formulated a "Code of Integrity" (the "Code") which defines the standards that need to be followed when dealing with various related issues. The Code not only lists the criteria applicable to employees, but also defines requirements for functional positions, covering procedures on sales planning, cost control, auditing, tendering, procurement, construction management and design management.

STRICTLY MANAGE CORRUPTION RISK

The Group has set up a Monitoring Centre to supervise the standards of conduct for every department and subsidiary, receive whistle-blowing report, conduct and handle investigations and educate employees on relevant issues. The Board values anti-corruption work. Appointed by the Chairman of the Board, the Group's Vice-President is tasked with the responsibility to manage the Monitoring Centre and set up regional monitoring centres and respective teams. We have also formulated a "Monitoring Management System" to provide clear guidelines for the Monitoring Centre to perform its function and grant it with necessary authority. All departments and subsidiaries must comply with the regulations of the Monitoring Centre. The Monitoring Management System stipulates that the Company combines inspection and improvement, and insists on prevention as the first priority, ensuring education and penalty are complementary.

- Supervise standards of conduct
- Receive whistle-blowing report
- Investigate and handle cases
- Conduct education and training

Responsibilities of the Group's Monitoring Centre

The Monitoring Centre has set up a wide range of channels to receive reports. Those who intend to report specific instances can do so by visiting the Monitoring Centre or use other channels, including online reporting platform, mailbox, hotlines and emails. Although we accept report on an anonymous basis, we encourage use of real names. We promise to keep the whistle-blower's information and contents confidential. After receiving the cases, the Centre follows appropriate procedures to examine, file, investigate and process. We allow the individuals involved to appeal within a specified time period. Supervising department at a higher level will re-examine the case. After making the final decision, the supervising department submits the summary report to the person-in-charge of the Centre who approves and concludes the case.

We put together a publication of Monitoring Cases for material concluded cases, reminding our employees the importance of integrity. The Centre distributes an internal publication "R&F Integrity" quarterly and publishes of Monitoring Cases half-yearly, analysing typical cases, and listing out requirements for further improvements. Through these publications, we aim to remind employees through the people and things around them that they must always keep a clear head and do not have a fluke mind. The Centre has also set up a WeChat public account "R&F Qingfeng" to post relevant news and as a reporting channel.

During the year, we were not involved in any breach of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud, money laundering.

ENSURE FAIRNESS IN TENDER PROCESS

The Monitoring Centre and its branches take into account of regional characteristics and consideration of monitoring priorities. Among them, the supervisor of procurement bidding work ensures that the entire process is fair, and in line with business ethics standards. All suppliers and contractors need to comply with our business ethics regulations. They are disqualified and the relevant personnel are penalised if they conduct the following malpractices:

- Collusive bidding
- Leak price information to the bidders
- Ask or accept bribes from bidders
- Choose bidders other than those in the "List of Contractors" and "Supplier List" without reasonable explanation

PROMOTE ANTI-CORRUPTION EDUCATION

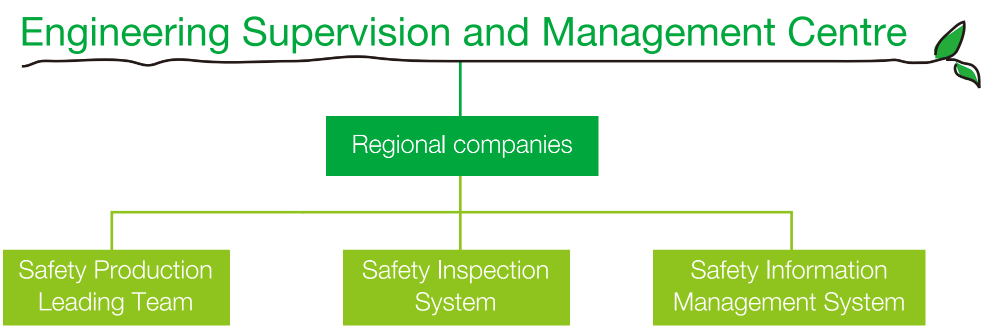
Adhering to the monitoring philosophy of "Prevention comes first and tackling is supplementary", we are committed to raising employees' self awareness in maintaining integrity. Hence, we organise training for every new employee, covering Code of Conduct, and the potential penalties for committing fraud or bribery. The Centre organise various activities and lectures, visits to Museum of Integrity Education and court hearings to promote employees' awareness on honesty, integrity and self-discipline. During the year, over 3,800 person-times in the Group were participated in anti-corruption training.

The Group actively participates in anti-corruption measures. As a member of "Guangzhou Property Monitoring Alliance" (the "Alliance"), we share resources with the stakeholders in the same industry, including experiences, investigating methods and judicial support. The Alliance aims to promote integrity in the field and the society through cooperation within the industry. We will continue to expand our collaboration on anti-corruption by encouraging more real estate enterprises to participate.

SAFEGUARD HEALTH AND SAFETY

HEALTH AND SAFETY MANAGEMENT SYSTEM

As an integrated real estate developer, we have developed a safety management system covering both construction and property management to ensure the health and safety of employees and the public throughout the life cycle of a property. The Engineering Supervision and Management Centre of the Group implements construction safety requirements and requires companies in various regions to adopt safety systems, including the safe production leading teams, safe production meeting system, safety inspection system, safety information management system, safety construction reward and punishment system.



Before a sub-contractor commences construction operation, Tianli Construction Company, a functional subsidiary of the Group's construction companies, educates the sub-contractor regarding the Group's safety policy by adhering to the Construction Safety Production Management Agreement. The engineering and technical division of the regional company is responsible for supervising the sub-contractor and establishing guidelines on rewards and penalties.

SUPERVISION OF CONSTRUCTION SAFETY

To ensure effective implementation of the construction safety system during the process of property development, the Group has formulated the "Safety Construction Inspection Appraisal Measures" where our inspection team is formed to conduct safety assessments for projects under construction and grade safety performance according to the safety checklist. If the project is rated as "unqualified", we require the responsible unit to complete the rectification within a specified time and set up another inspection.

In addition, we have devised the "Measures for the Evaluation of the Engineering Deputy General Manager's Management Behavior". Monthly assessments are required for deputy general managers, deputy managers and assistant general managers at the regional engineering management level. The assessments cover whether safety construction inspections and evaluation activities are being held. The assessment results form one of the considerations for promotion and the provision of bonuses.

During the construction process, the Group requires all regional companies and construction units to establish safety management regulations and safe production management system. The Engineering Supervision and Management Centre of the Group has signed the "Responsibility for Engineering Quality and Safety Work" with the regional companies, requiring them to shoulder safety responsibilities, including eliminating major casualties, major safety accidents, large equipment incidents, fire, poisoning, explosions and major economic losses. During the year, there were no work-related fatalities that had significant impacts on the Group.

STRENGTHEN SAFETY TRAINING

Before the construction unit enters the site, the Group requires that new employees attend a three-level safety training. Construction workers participation rates in safety production, civilised construction, and various engineering safety technology training need to reach 100%. The construction unit also needs to submit the training appraisal transcripts of construction workers to the Group. During the year, the Group conducted trainings for construction units of different projects, including pre-construction training, safety training for returning to work after the Spring Festival, job safety education, fire safety education and fire drills.

Fire-safety workshop in R&F Shijiazhuang R&F Plaza Project

Electric shock treatment practice in Anshan R&F City Project

Food-poisoning treatment practice in Shenyang R&F Xingyue Bay Shore Project

In 2019, the Group recorded almost 1.5 million hours of safety training and the number of participants reached around 800 thousand person-times. The training content covers multiple occupational safety and health topics, including fire safety, electricity safety, use of tools, working at height, and emergency handling, to instill relevant safety knowledge in employees.

R&F Jingang City project division organised work safety month activities in the Airport Economic Area

Construction sites are one of the most common sites of fire hazards. The Group pays attention to fire safety in the workplace, and takes adequate fire prevention measures to reduce the chance of fire hazards. We formulate effective emergency response plans for fire accidents, strengthen employees' awareness of fire prevention, conduct regular fire drills, and rescue drills. In the unlikely event of a fire, serious injuries or deaths can be avoided and losses can be minimized.

Emergency First-aid Training

To raise the first-aid capability of property management employees, the Group organised training on emergency treatment for regional companies. The regional companies contacted local Red Cross to conduct trainings for management level staffs, encouraging them to obtain the first-aid certificate. Meanwhile, we arrange emergency trainings for our employees on a quarterly basis.

SAFEGUARD THE HEALTH OF EMPLOYEES AND CUSTOMERS

The Group provides free medical check-ups to all employees annually, and provides employees with hepatitis B and influenza vaccines according to their actual needs. We also actively organise various activities, including sports games, birthday celebrations, annual dinner, to enrich employees' spare time and reduce mental stress.

Safety of residents and tenants is our top priority. The Group has 90 hotels operating and they are operated by internationally renowned hotel management companies. We require the hotel management companies to report major incidents or accidents. As a hotel owner, we have commissioned an independent third-party to assess fire prevention measures and apply or renew local safety certificates in a timely manner.

The Property Management Group has established an Order Maintenance Department, which is responsible for planning, compiling, reviewing and evaluating safety management plans, as well as stipulating clear safety management guidelines. We have developed a number of safety practices for property management employees, including the "Dangerous Goods Management Operation Guide", "Safety Inspection Management Operation Guide", "Parking Space Management Operation Guide". The Property Service Centre is responsible for implementing safety management measures and advising improvements to regional property companies. The Group's regional property companies inspect the daily safety management measures of the Service Centre half-yearly and put forward recommendations. We provide occupational safety training for all new employees. Specific training programmes which include the contents on the right are carried out at least on a quarterly basis.

- Understand commonly seen injuries for property employees
- Learn typical health hazards and preventive measures
- Know the safety requirements of each position
- Well aware of the Company's occupational safety regulations

The Group incorporates risk awareness into its daily training programmes, enabling all property managers to understand safety risk characteristics and potential hazards. We require each property management project to establish a list of risk items, formulate corresponding preventive measures and response plans, and provide employees with appropriate safety training. We maintain a detailed list of safety operation requirements regarding the property management process in the "Safety Manual", including cleaning machinery, welding and cutting operations. Related employees must receive professional training before performing these specific tasks.

REDUCE EMISSIONS FOR THE BLUE SKY

R&F is dedicated to designing, building and managing more energy-efficient projects, and exploring new technology to further reduce environmental impacts of our operations.

CAPTURE GREEN BUILDING OPPORTUNITIES

R&F actively responds to the overall industry requirement that "urban green buildings account for more than 50% of new buildings" issued by the government in the "National Urban Ecological Protection and Construction Plan (2015-2020)". We continue to explore the application of Green Building Evaluation Criteria GB/T 50378-2019. Combining years of experience in planning, design and project research, we organised a cross-departmental joint review from the initial stage of project design to analyse the comfortability, practicability, and safety of the projects, incorporating green building elements into the projects. These elements include low carbon & energy saving, land greening, increasing use of environmentally friendly materials. As of 2019, a total of 103 projects of the Group have obtained green building certificates including Chinese Green Building Evaluation Label and LEED certificates, and 128 projects fulfilled green building design criteria, with a total building area of approximately 16 million sq.m.

Awarded green building examples

Zhuhai R&F Centre

A commercial office building located in Hengqin, Zhuhai

Green building certification

Two-star Green Building Design Label

Key features

- The garden adopts a multi-layered greening system, which uses various local plants to regulate the microclimate
- Use ready-mixed concrete to save material
- Make full use of underground space to maximise resource utilisation
- Collect rainwater comprehensively and purify it for irrigation and cleaning
- All sanitary appliances are water-saving equipment and comply with CJ164 standard
- Use energy-saving elevators to improve operating efficiency

Hainan Chengmai R&F Mangrove Bay C03 Wooden House Group

A residential project in Haikou, Hainan

Green building certification

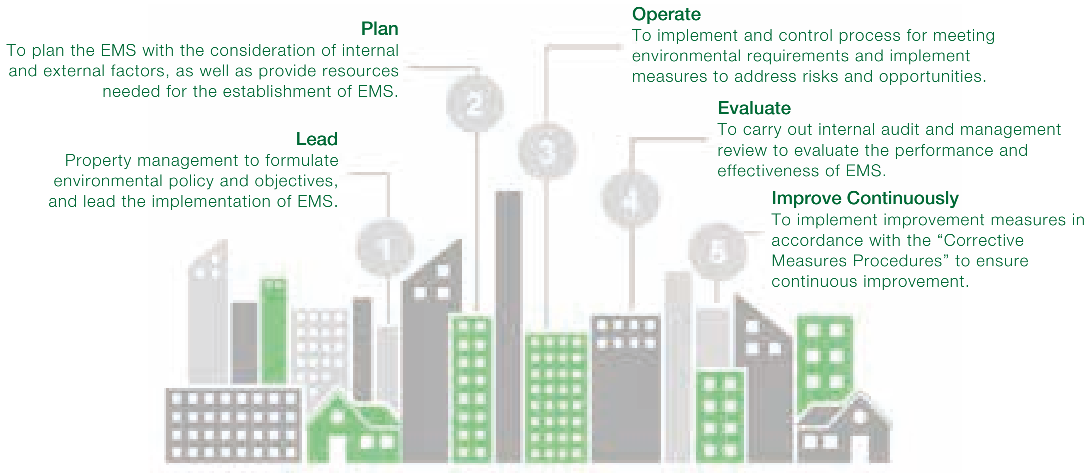
LEED – HOME Silver Certificate

Key features

- Adopting wooden structure design and using FSC certified wood for the outer protective structure, harmoniously blending with the ecological environment of the nearby mangroves
- Infiltration ditch and recessed green space are provided to recycle rainwater for landscape irrigation and artificial lake water replenishment
- More than 90% of construction materials are renewable materials
- Use solar water heating system to save conventional energy resources

ENVIRONMENTAL MANAGEMENT STRATEGY

The Group has established a comprehensive Environment Management System ("EMS"), led by the management and encompassing risk management and governance related to carbon emissions. Environmental Management Department and Quality Control Department of Property Management Service Group are responsible for daily environment management initiatives. All departments of the Group work together to advance the environment governance.



Environmental Management System

The Group has formulated the Quality and Environmental Manual in accordance with ISO14001:2015 and ISO9001:2015 standards, which describe the environmental policy, governance structure and management responsibilities. Focusing on resource consumption and emissions management, the Group has also established a series of management approaches, such as "Energy Conservation Management Plan" and "Pollution Control Procedure" which are dedicated to reducing the environmental impact of its operations and meeting the requirements of laws and regulations[1]. During the year, there is no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

CLIMATE ACTIONS

R&F puts strong emphasis on the impact that climate change may have on cities, communities, supply chains and its daily operations. Since 2018, we have made disclosures in accordance with recommendations of the "Task Force on Climate-Related Financial Disclosure". This year, we have further aligned our work with the framework, including identifying risks related to climate changes, conducting preliminary scenario analysis, and developing risk mitigation measures.

[1] Relevant laws and regulations please refer to Page 64.

Governance

Climate change is one of the sustainability topics that falls within the Group's sustainability governance structure. The Board is responsible for supervising respective management to implement initiatives on risk identification, compliance, and response plan formulation. Management is responsible for participating in the assessment of risks, coordinating relevant departments to implement mitigation measures, and regularly reviewing relevant performance.

Strategy

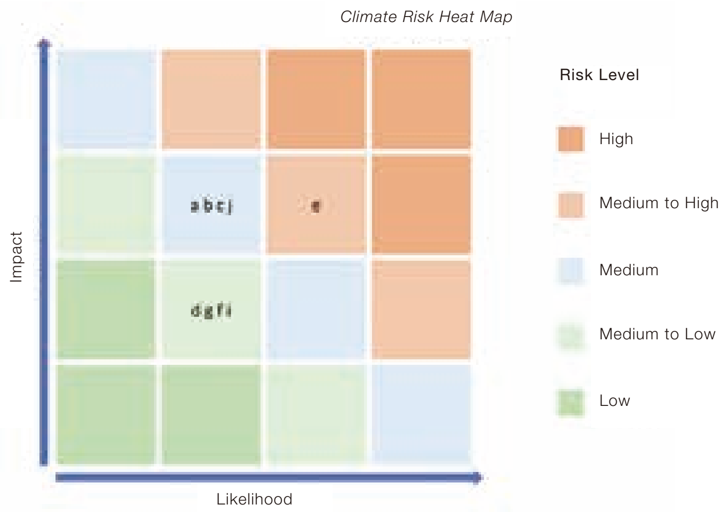
Engaging in real estate development, management and hotel operations, we face climate-related physical risks and transformation risks. By referencing climate change scenarios at 2°C or lower, we analyse the potential impact of climate risk and their levels of impact as below.

No.	Risk Type	Impact aspects	Risk description	Impact analysis
a	Frequent extreme weather	Business operation	• Extreme weather damages projects under construction or completed projects • Extreme weather affects the operation of some businesses such as hotels	• Decreased revenue: affects some business operations • Increased expenditure: repairs to damaged properties
b	Frequent extreme weather	Supply chain	• Affects the speed of project construction by contractors • Affects the normal supply of materials with soaring price of construction material	• Increased operation cost: delays in completion of projects, housing construction cost increases
c	Frequent extreme weather	Investor	• Extreme weather destroys properties under construction or completed projects, causing huge losses to the Company and affecting the Company's stock price	• Stock price drops, financing cost increases
d	Sea level rise	Business operation	• Coastal properties are vulnerable to flooding; reserved land may be eroded	• Increased expenditure: repairs to damaged properties • Decreased asset value: decrease in value of reserved land

No.	Risk Type	Impact aspects	Risk description	Impact analysis
e	Implementation of climate change-related management regulations	Business operation	• Tighter disclosure requirements for greenhouse gas emissions information • The government may put forward requirements for tackling climate change for land investment and project construction • Tougher environmental regulations cause the Company to face a higher risk of claims or litigation	• Increased management cost: the Company needs to increase investment in information disclosure; land investment, site selection cost and engineering construction • Increased compensation cost: claims or lawsuits caused by violations
f	Technology transformation	Business operation	• Peers increase investment in green buildings, existing properties face the risk of being replaced	• Decreased sales of existing properties
g	Technology transformation	Supply chain	• The supply chain is unable to support future construction requirements that need to deal with more severe weather conditions	• Increase in operating expenses: increase procurement costs for new suppliers
h	Market demand transition	Business operation	• Changes in buyers 'preferences, such as preference for green buildings, and a decline in the popularity of sea-view houses • Changes in consumer sentiment towards specific regions, affecting existing hotel occupancy rates	• Decrease in demand for sea-view rooms or other specific properties, and corresponding property prices • Decreased revenue from specific businesses such as hotel operations
i	Market demand transition	Investor	• Changes in preferences of investors, which are inclined to concentrate in real estate developers for green building	• Increased financing cost for traditional construction projects
j	Company reputational risk	Investor	• Declined corporate reputation as it fails to meet climate change compliance requirements	• Increased financing cost

Risk management

We called upon cross-departmental management representatives, including directors or managers from the Group and its subsidiaries, to assess the significance of the climate-related risks. The climate change risk matrix is constructed in two dimensions: likelihood of occurrence and significance of impacts. From the evaluation results during the year, we have not identified high-risk issues for the time being. "Implementation of Climate Change-Related Management Regulations" is located in medium to high-risk area. The remaining risk types are located in medium or low-risk areas.

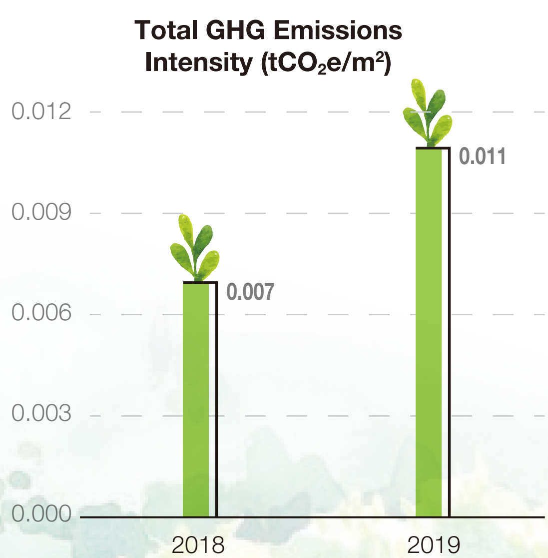


R&F's main business operations are in China, where climate change-related management regulations are being established. We continuously pay attention to changes in national laws and regulations so as to undertake the related compliance initiatives in a timely manner. For example, it is expected that China's management scope of greenhouse gas emissions will gradually expand, and the regulations will become increasingly stringent. We are thus strengthening the measurement of greenhouse gas emissions data within the Company. In addition, we actively adopt green building technologies during the property development process, and implement different energy-saving measures in property management.

Climate change may result in increased frequency of extreme weather events. In order to improve the Company's capability to prevent natural disasters and reduce the losses that may be caused by the natural disasters to the Group's construction projects, Tianli Construction Company, a subsidiary of the Group, has formulated relevant measures and management systems in response to natural disasters to ensure the safety of people and property.

Indicators and Target

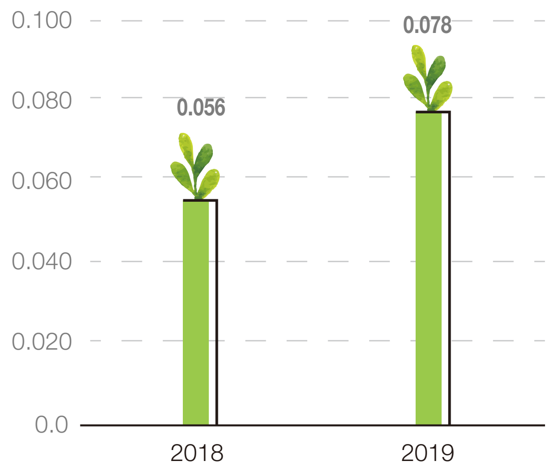
We continuously monitor energy consumption and greenhouse gas emissions at all stages of our operations. GHG emissions of projects covered in the report include direct emissions (Scope I) from fuel and refrigerants used and indirect emissions (Scope II) from electricity consumption. In 2019, our total GHG emissions amounted to 629,355 tonnes of carbon dioxide equivalent (tCO_2e). Emission intensity was computed as 0.011 tCO_2e per sq.m.. Due to the enlargement of the scope of the report, the total GHG emissions increased comparing to 2018. The difference in the types of projects led to an increase in emission intensity as well. We also established the energy target, striving to reduce the GHG emission by saving energy.



RESOURCES CONSUMPTION

The daily operations of properties and hotels involve the use of electricity, gasoline, diesel, liquefied petroleum gas (LPG), natural gas and centralised cooling. In 2019, the total energy consumption of the projects covered in the report was 4,559,028 GJ, with energy intensity of 0.078 GJ per sq.m.. Energy consumption is the major source of GHG emissions, thus the changes observed and the contributing factors are consistent with those of the GHG emissions.

Total Energy Intensity (GJ/m²)



Energy-Saving Measures

In response to China's call for energy conservation and emissions reduction, the Group has strengthened energy saving management at its subsidiaries during the year. The Group requires subsidiaries to conduct project energy management measures by adhering to the Group's "Energy Conservation Management Plan", as well as providing monthly energy consumption data analysis for the Group to conduct energy performance assessment. In addition, our property management business has set clear energy-saving targets, requiring communities to consume electricity with no more than 0.4 kWh per sq.m. on a monthly basis, and lower energy expenditure in public areas by no less than 5%.

The Group continuously explores new technologies to improve operational efficiency and minimise energy consumption of the project without compromising customer safety, service experience, and comfortability. In 2019, the Group carried out energy-saving retrofits on developing projects, with project coverage reaching 51%, and energy costs in public areas are expected to reduce by 16%. The following table lists some of the Group's hotel and management property energy saving measures and results implemented during the year:

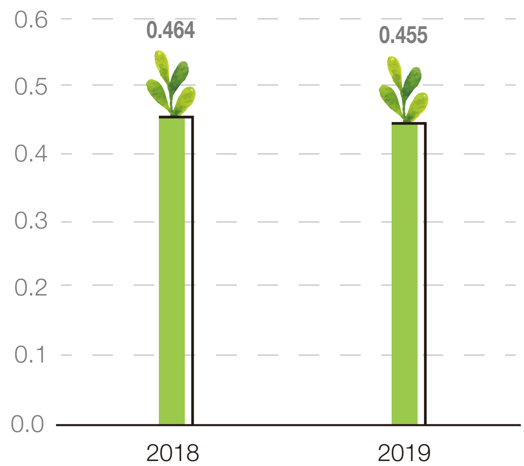
Wanda Realm Nanjing	Crowne Plaza Xiangyang	Sheraton Zhenjiang Hotel
• Replaced old equipment to improve energy efficiency • Applied smart control system • Achieved energy saving rate of more than 15%	• Replaced the compensation capacitor with a higher withstand voltage to improve the power efficiency • Maintain efficiency factor between 0.9 and 0.1 to save electricity costs	• Retrofitted the water supply system of the hotel's air-conditioning cooling tower • Saved about 34,650 kWh per year
Beijing R&F New Town	**Holiday Inn Chongqing University Town**	**Guangzhou R&F Yingkai Plaza**
• Replaced of 7,900 light tubes in the underground garage with LED radar sensor • Achieved annual energy savings of approximately RMB800,000	• Recovering laundry room steam for boiler room water tanks • Completed energy-saving inspections in 53 areas	• Replaced the LED lights, adjusting the device on time and quantity on a quarterly basis • Temperate usage of fresh air equipment to reduce the operation time of air conditioning equipment • Using variable frequency motor

Guangzhou Tianli Property Management Co., Ltd. obtained ISO14001: 2015 environmental management system certification, and set environmental management target by adhering to ISO14001 and conducts management review every six months. While regional companies have worked towards their goals in the first half, onsite inspection will be conducted in the second half of the year and evaluation on progress will be concluded. Due to the enlargement of report scope, the total water consumption increases, but our water intensity remains stable.

WATER CONSUMPTION

The total water consumption of projects covered in the report was 26,464,041 m^3 and the intensity was 0.455 m^3 per sq.m.. There was no issue of sourcing water that is fit for the purposes. Because of the enlargement of the scope of the report, the total water consumption increases, but our water intensity remains stable.

Total Water Intensity (m^3/m^2)

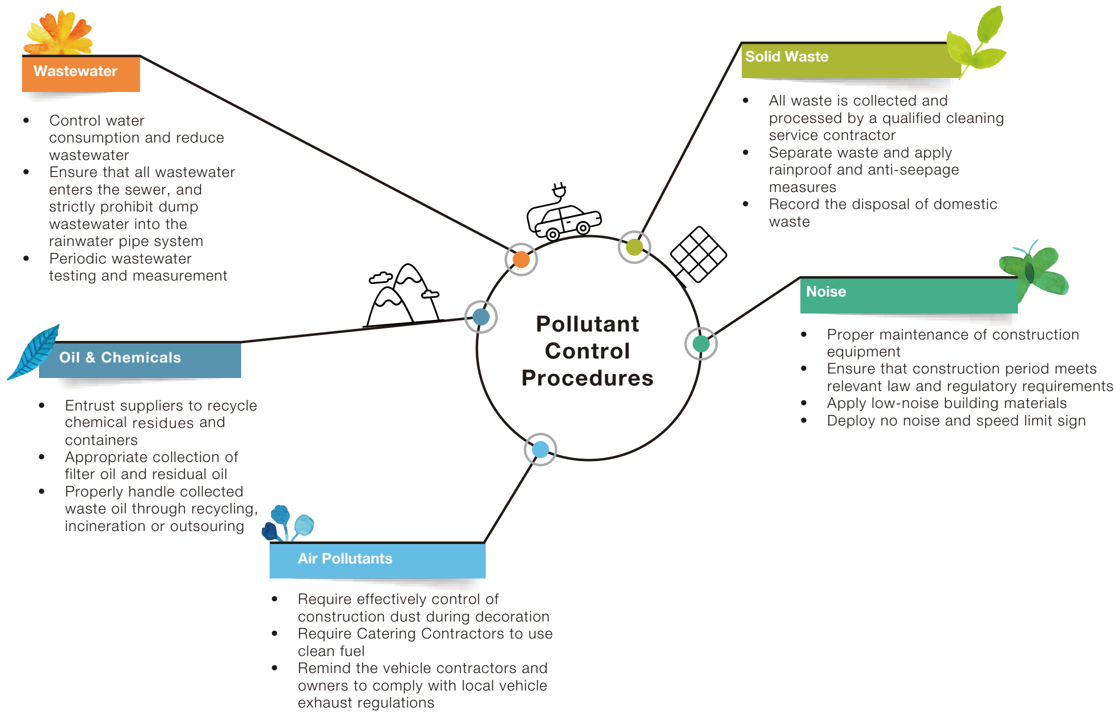


The Group's property management business sets clear water-saving goals, requiring the monthly water consumption of community does not exceed 0.015 m^3 per sq.m. and water expenses are reduced by not less than 5%. Water saving systems such as drip irrigation system and automatic sprinklers should be installed accordingly to achieve water-saving goals. The following table lists some of the Group's property management approaches, water saving measures implemented by the hotel and their effectiveness during the year:

Sheraton Zhenjiang Hotel	Guangzhou R&F Yingkai Plaza
• Renovation of water-consuming facilities such as bathrooms, water views, fire pools, etc. • Water saving of about 2,700 m^3 of water per month	• Appropriate adjustment of the water level in the toilet tank • Suspended green irrigation on rainy days

EMISSIONS MANAGEMENT

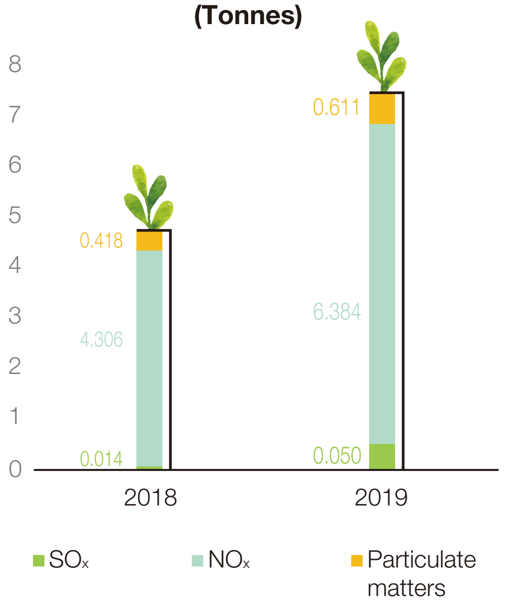
The Group is committed to effectively managing emissions of waste gas, wastewater, solid waste, and other emissions through implementation of the "Pollution Control Procedures" and to keep monitoring the measures implemented.



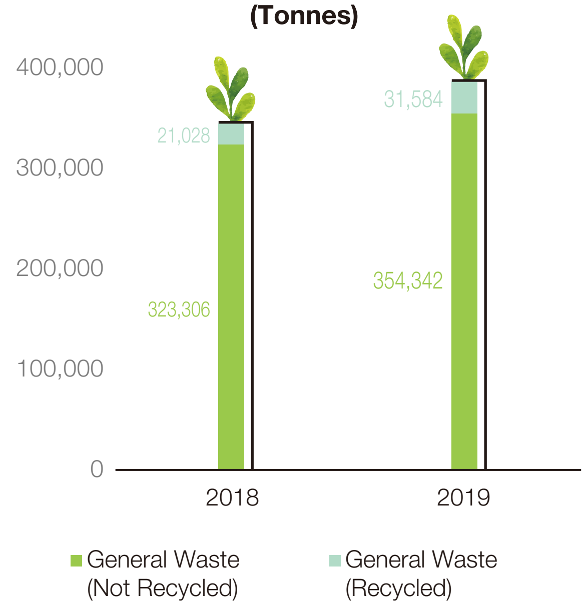
The Group's operations involve emissions of sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters (PM) from vehicle fuel combustion. During the year, the Group's emissions of sulphur oxides, nitrogen oxides and particulate matters from vehicles were 0.050 tonnes, 6.384 tonnes and 0.611 tonnes respectively. In order to further reduce the emission of air pollutants, most of our projects in the northern region of mainland China adopted the centralised municipal heating model to prevent air pollutants generated by domestic coal-fired heating.

The increase of the total amount of air pollutants and general waste is contributed by the enlargement of the reporting boundary in 2019.

Total amount of air pollutants (Tonnes)



Total amount of general waste (Tonnes)



During the year, projects covered in the report generated 42 tonnes of hazardous waste and 385,926 tonnes of general waste. We are actively promoting recovery and recycling of general waste. The construction waste is handed over to qualified companies for recycling. Regional companies attempt to collect leaf litter and convert them into compost to fertilise flower nurseries, as well as floral decoration at lobby. During the year, 8% of general waste was recycled.

Construction Material Management Example – Guangzhou Tianli Construction Co., Ltd

Guangzhou Tianli Construction Co., Ltd has implemented the centralised processing regulation since 2016 and achieved standardised management of construction materials. It requires each project to establish a centralised workshop according to the situation of the construction site, scale, period, etc., and recycle the construction waste to achieve the purpose of improving the utilisation rate of construction materials and reducing the generation of construction waste.

The Group's major source of wastewater discharge is domestic wastewater. To reduce the amount of wastewater, we recycle the water used in swimming pools and ornamental fountains. After filtering, it is used for green irrigation in the park, saving approximately 31% of the water used for greening every year. We have set the wastewater discharge target that fulfills various indicators of the discharge standards, and have achieved the target during the year.

NATURAL ENVIRONMENT AND ECOLOGICAL CONSERVATION

R&F is well aware of the impact of property development to land and the local environment, for instance, soil erosion caused by soil weathering. To reverse the trend, we are actively putting effort on minimising environmental impacts through taking appropriate management and mitigation measures.

Slope Greening – To prevent soil erosion caused by project development, R&F actively carries out soil remediation projects. For example, in case of Huizhou Huangsha Cave Slope Greening project we applied advanced technology to plant seeds in the rocky soil slopes to prevent soil from being washed away by rain, thereby achieving the purpose of restoring vegetation and improving the landscape.

Ecological Conservation – Hainan R&F Ocean Paradise is a large marine related project built by R&F. Nanhai Conservation and Rescue Centre, being one of its venues and the first marine animal rescue centre in Hainan Province, maintains close cooperation and communication with international organisations including International Union for Conservation of Nature (IUCN) and Global Environmental Facility (GEF) to undertake quarantine and offshore marine rescue missions. The Centre will establish a nursery foundation to strengthen the protection level of Hainan's native marine species.

CREATE VALUE FOR CUSTOMERS

PROJECT QUALITY MANAGEMENT

We strive to provide customers with high quality integrated experience for both commercial and residential projects. To supervise the quality of our projects, we have established an Engineering Supervision and Management Centre and formulated a series of management approaches which we evaluative their effectiveness on a regular basis. During the year, we revised policies including but not limited to “Project Quality Appraisal Approach”, “One-to-one Household Inspection Implementation Approach”, and “Residential Project Maintenance Management Measures”. Quality checks are conducted throughout the project implementation process. The persons-in-charge are responsible for reporting and recording any quality problems found. Improvement measures are then implemented within a specific time period.

Projects-in-Progress

- Form an inspection team which comprises of professional technicians from the Construction inspection Monitoring Centre
- Scrutinize structural engineering, decoration, construction and waterproofing projects

“One-to-One Inspection”

- Carry out “One-to-One Inspection” 2 months before delivery
- Examine overall perceptions and quality of functions of projects
- Complete the delivery process only when standards are fulfilled

3 Months after Delivery

- Conduct visits and acceptance checks by the quality monitoring team
- Evaluate the quality of interior designs, facilities, and common areas

Maintenance Management

- Maintenance management team to hold meetings regularly to resolve problems promptly
- Real estate project engineers to manage maintenance within the warranty period, and the Property Service Centre to manage after the warranty period

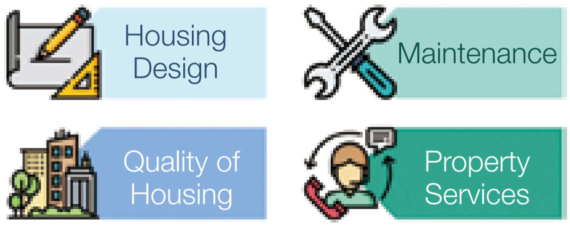
Project Quality Management

QUALITY MANAGEMENT OF PROPERTY SERVICE

Upon completion of construction projects, the focus of quality management shifts to property management service. We have established a Quality Management Centre as part of our property management system which works with the Property Services Centre and various functional departments to manage the quality of property management services. During the year, we revised the “Property Management Basic Standard 2.1”, expanding the number of working standards from 104 to 166. To define and stipulate holistic working standards for each property management process, the Standard covers a multitude of areas including human resources, business operations, quality management, supervision of customer services, etc. Our subsidiary, Guangzhou Tianli Properties Development Co., Ltd. has obtained the ISO 9001:2015 certification for its quality management system.

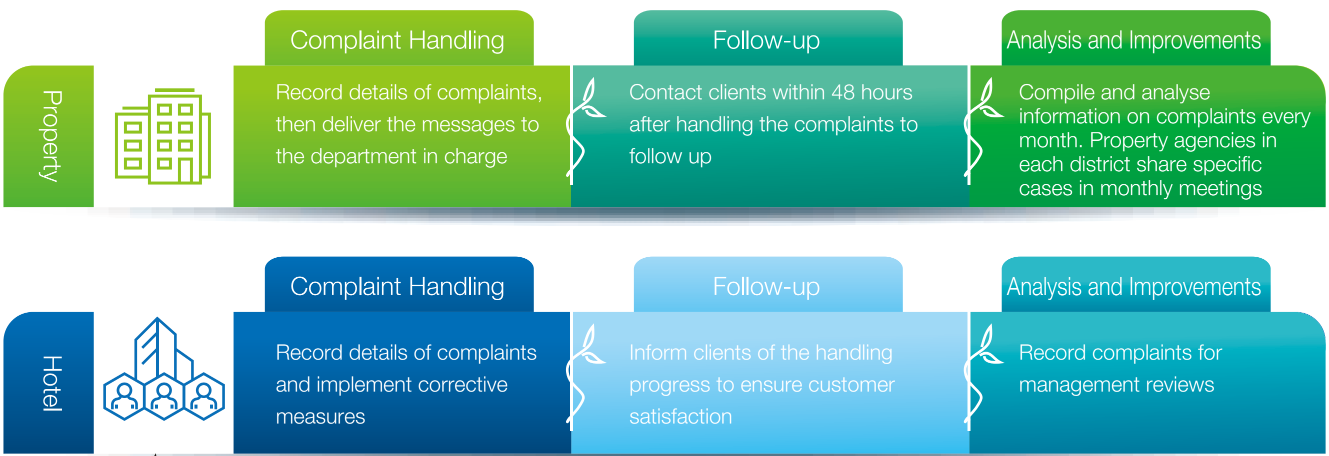
CUSTOMER SATISFACTION

The Group believes that feedback from customers directly reflects the quality of our projects and services. To promptly understand the needs and concerns of customers, we conduct customer satisfaction surveys, and make improvements accordingly. According to the "Customer Satisfaction Survey Management Measures" which was revised during the year, the Construction Inspection Monitoring Centre leads relevant departments including real estate, property, design and materials procurement to conduct customer satisfaction surveys for project that either has a delivery rate above 80% or has been delivered to the customer for over three months. "Customer satisfaction specific reports" based on the survey results are prepared by the Construction Inspection Monitoring Centre on a quarterly basis. Subject to the approval from the Group's Chairman, rectification, preventive measures and improvement plans are implemented by general managers of regional companies, or by deputy head of engineering. Responsible person of regional companies and property management service are responsible for the subsequent improvement on the customer satisfaction.



Project Quality Management

Furthermore, to collect feedback from customers, we have established different channels for complaints, including front-desks, regional managers, nation-wide "400 Customer Hotlines" or mobile App service. In addition, we offer annual visits or phone calls with each unit to improve customer experience. When receiving customers' complaints, we provide feedback promptly, and handle the complaints within prescribed time period. When receiving complaints relating to our properties and hotels, we adhere to the "Customer Grievance Handling Operating Instruction" and "Standard Procedures of Handling Customer Complaints" to ensure that each complaint is responded appropriately to maintain customer satisfaction. Every hotels have their corresponding complaint handling mechanism, but the ultimate goal is to ensure customer satisfaction. The establishment of complaint handling mechanism of the Group's relevant departments and hotels assists us to provide better products and services, regularly summarise experiences, and show our emphasis on customers.



Customer Complaint Handling Process

CUSTOMER HEALTH AND SAFETY

The Group puts strong emphasis on customer health and safety, safeguarding the rights of customers as well as the reputation of the Group. We conduct annual evaluation of our related management approaches. The Property Services Centre identifies potential sources of health hazard and their distribution and designs relevant safety measures based on the characteristics of projects, the surrounding environment, and the needs of customers. We commission qualified third-party agencies to conduct inspections of special equipment and facilities on an annual basis, to prevent expiration of the use permits. In addition, we have published the "Emergency Handling Operating Guideline" to provide instructions on handling incidents such as public security, fire and general safety emergencies. To raise the awareness of our employees, the Property Services Centre organises training regularly and prepares the "Emergency Drill Plan" for the subsequent year at the year end.

CUSTOMER INFORMATION PROTECTION

Our business involves handling of massive amounts of customer information. Our employees strictly abide by information protection policies such as the newly established "Customer Profile Management Operating Guideline" which standardises and limits the access to both hard copies and electronic versions of customers' personal information. Property Quality Management Team is accountable for supervision of customer information protection. Responsible personnels would update relevant information on various platforms on a timely basis. Designated counters for customer information are locked and managed by specific personnel. Authorisation and passwords are required to access the information management platform. Permits or approvals are needed when obtaining any customer information. Only authorised personnel can read or copy relevant information.

ADVERTISING COMPLIANCE

The Group complies with relevant laws and regulations[1], as well as the "Design Specification Standards and Management System" when publishing advertisements, ensuring the legitimacy of the content of our advertisements and avoiding exaggerated promotions which jeopardise the reputation of the Group. The Group's Sales Centre and other relevant departments are obliged to guarantee zero intrusion in intellectual property rights in designs, use of raw materials and advertisements. Drafts of advertisements must pass a three-tier proofreading before getting finalised. Penalties are imposed against any violation of the rules according to the seriousness of the incidents. During the year, there was no non-compliance events that had a significant impact on the Group in respect of the health and safety, advertising, labelling and privacy matters for the products and services provided and the remedial measures.

SUSTAINABLE SUPPLY CHAIN

The Group collaborates with its suppliers to provide customers with superior products and services. During the year, we had 274 suppliers located in China, with the majority being material and equipment suppliers and contractors. A "Supplier Relations Management System" is adopted to manage supply chain-related issues. Our departmental materials supplier and regional supplies divisions have formulated plans for procurement, adhering to the "Procurement Management Approach" and the "Guidelines on Shortlisting and Evaluating Suppliers" to select suppliers.

Suppliers Selection Process

We believe that environmental and social performance of the supply chain is highly correlated with the quality of products and services. Hence, we include "Supply Chain Risk" in the Group's risk assessment. Feedback from employees of the subsidiaries is collected on a half-yearly basis to evaluate the effectiveness of the existing management approach. During the year, our "Supply Chain Risk" was rated relatively low, implying no material risk brought against the Group. Nevertheless, we will continuously assess the performance of our suppliers to minimise the associated risks. At the end of each year, our departmental materials supplier updates the "Supplier List" by categorising them into different grades according to their performance on quality, price, delivery and services.

[1] Relevant laws and regulations please refer to Page 64.

BUILD CAREERS FOR EMPLOYEES

CAREER DEVELOPMENT PLAN

Balancing between the Group's requirement for human resources and employees' career planning, we have established dual channels for employees to develop their careers. Employees can first select the management stream or the technical stream subject to their aptitude and personality traits, and then develop their career in a vertical direction through promotion. We also offer opportunities for employees to move in horizontal direction by job rotation. Mentors of new staff members and persons-in-charge in each department synergise to help employees set their short-term and long-term career goals, coordinating the development needs of the Group and the employees' aspirations and capabilities to guide career development.

Career development channels

By offering a wide variety of training and assistance in career planning, we are able to motivate our talent to keep improving, thus maintaining the dynamics of the Group. We have stated training requirements in the "Training Management Manual" in which human resources department is responsible for establishing and optimising the training management system within the group, devising training plan and ensuring the progress is being carried out as planned.

Category	Purpose	Mode
• General Skills • Professional Skills • Leadership & Management	• Orientation • Job Competency • Specific training	• Internal • External • Self learning

Multiple Training Methods
Lectures, Seminars, Videos, Outdoor activities, Job shadowing, Job rotations, Visiting sharing sessions, Inter-departmental idea exchange across subsidiaries, Continuing education, etc.

Categories and Modes of Training

R&F strives to explore innovative training formats which enhance employees' accessibility and convenience. During the year, we launched the "Fully Learn mobile learning platform" which covers the entire Group, aiming to enhance the diversities of training topics and raise employees' motivation to keep learning.

Rich Resources	Flexible Schedule	Efficient Management
About 1,800 available courses covering professional quality, daily living, etc.	Employees could customise their learning plans based on their schedule	Learning progress management and training data export

Fully Learn mobile learning platform

The Group believes in the importance of nurturing talents and provides our employees with continuous training opportunities. Every year, the Group organises the "R&F Star" campus recruitment programme to select fresh graduates with potential. To better perform our strategy on talent development, we strive to systemize and refine our talent nurturing system. In addition, our Management Trainee Programme is a tailor-made and systemic incubation scheme for top graduates. Graduates with excellent performance in the "R&F Star" programme are invited to join a talent incubation programme which lasts for 2-3 years to help develop capabilities and experience required for the positions of project managers or division managers.

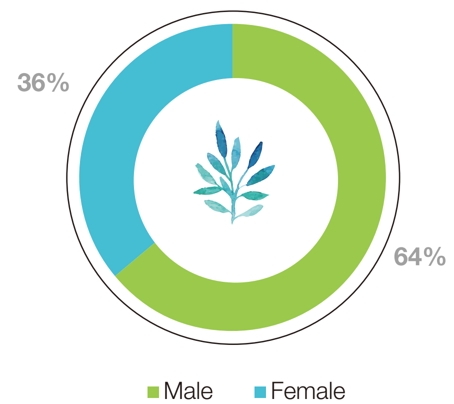
Focused onboarding Training	Job Rotation and Shadowing	R&F Stars Training Camp	Management Trainee Programme
• Help candidates get adapted to the role transition from a student to an "R&F employee".	• Help candidates familiarize with R&F business by providing job rotation opportunities • One-on-one job shadowing to enhance the work efficiency of candidates	• Boost candidates' skills by a 21-day intensive training camp • Raise cultural identity with the Group by in-depth sharing • Unleash potential in the professional field	• Shortlist outstanding candidates to a customized and systemic incubation programme

Besides fresh graduates, we emphasize enhancement of skills for managers. We co-organised a senior management class with the Wharton School in order to broaden the horizons of senior managers. A 'Talent Scheme' is also established to provide specific training. Our middle managers and senior managers keep track of forward-looking real estate-related topics during the "Embracing your future" project, broadening their operational and management horizons and macro strategic mindsets. In addition, through the "New Project Manager Training" project, which includes 9 main areas such as finance, procurement, tendering, new managers can have a better understanding for their management skills for property projects. During the year, over 120,000 person-times have received training, while the total training hours were approximately 458,000 and the number of training sessions was about 3,500. For details please refer Performance Data Summary.

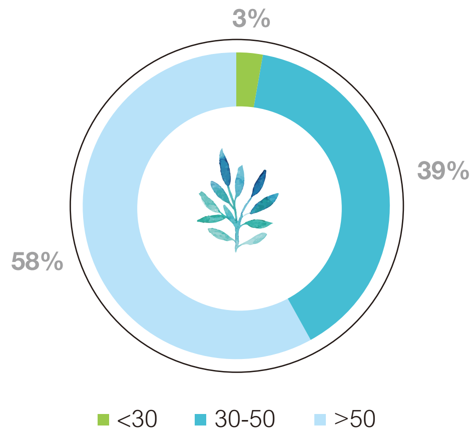
EMPLOYEE COMPOSITION

In 2019, the Group employed 62,305 staff in total, of which 100% were full-time employees. The proportion of male to female employees was 64:36. 24% of all employees located in Guangzhou. Regarding age profile, 39% was aged under 30 and 58% was aged between 30-50. Staff at management level accounted for 5%. During the year, the overall turnover rate was 6%. For details of employee data, please refer to the performance data summary.

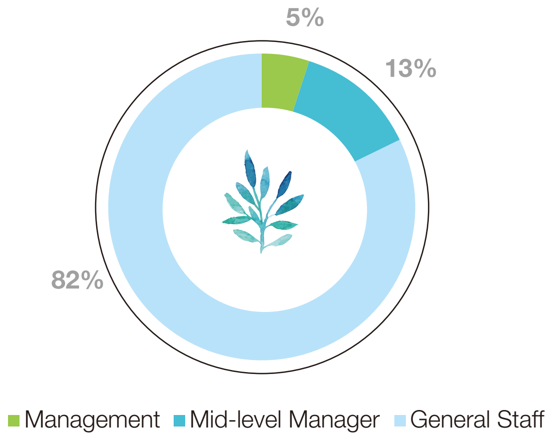
Gender Profile



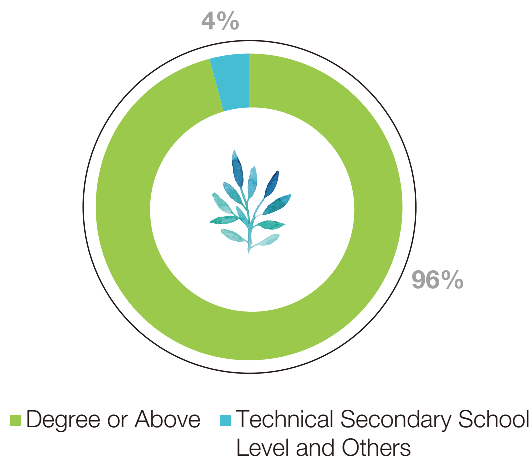
Age Profile



Function Profile



Education Profile



The Group adheres to the employment tenet of "Ethics and talent oriented" and the recruitment philosophy of "Openness, Justice, Legality", attracting talents through various means, including social recruitment, campus recruitment, external recommendation, interns from top universities, etc. In order to implement the management principle of "maximising talent", R&F is committed to establishing a completed assessment system. The performance assessment and quality assessment are applied as the main criteria for promotion to ensure fairness.

The Group stringently complies with the laws and regulations in locations where it operates and resolutely prohibits the hiring of child and/or forced labour. Our human resources department requires job applicants to provide various documents such as identity cards to ensure that the candidates have reached the legal employment age. In case of any non-compliance found during the employment process, the Group handles it carefully, including immediate termination of the employment relationship and providing support in accordance with relevant regulations. During the year, the Group was not involved in any violation of relevant laws and regulations that have a significant impact on the Group relating to employment and labour practices, nor there was report about child or forced labour.

Remuneration and Benefits

R&F is committed to providing employees with a competitive salary and decent welfare. The salary is composed of basic salary, year-end double salary and performance bonus. The year-end double salary and performance bonuses are paid in accordance with the actual work performance, and the maximum subsidies and rewards are provided for the employees. We not only provide employees with statutory welfares required by Labor Law of the People's Republic of China, Social Insurance Law of the People's Republic of China and other related laws and regulations, but also provide other substantial extra welfares. We have formulated the Employee Welfare Management Policy, stipulating the employees' enjoyment of extra vacations, housing subsidies, free medical check-up, etc.

EMPLOYEE ACTIVITIES

The physical and mental health of employees is one of key focuses of R&F. The Group holds regular activities to enrich employees' lives, including outward bound activities such as hiking and jogging. In addition, the Group also organises family-based parent-child activities and cultural activities, in order to improve family harmony and personal happiness. Various activities are also undertaken which aim to strengthen employees' bonds, work-life balance, and the corporate culture.

Women's Day
Caring for female employees

Floriculture Training
Creating fun to life after work

Outward bounds
Field training for physical fitness

Contribute to a Harmonious Community

Adhering to our social responsibility philosophy of "creating positive symbiosis", R&F cooperates with investors, employees, business partners, communities, regulators, green groups, etc., to advance the initiatives related to fulfilment of social responsibility on an ongoing basis. The Group focuses on five areas, namely community wellbeing, cultural learning, disaster relief, targeted poverty alleviation and caring for the elderly and youth. We give back to the community by taking actions, including visiting urban sanitation workers, caring for deprived families, and volunteering to visit nursing homes. During the year, R&F made total donations of over RMB35 million. As of 2019, the various charitable donations of the Group have cumulated approximately RMB520 million in total.

MAINTAINING COMMUNITY WELLBEING

R&F undertakes substantial property management activities on a nation-wide basis. Upholding the wellbeing of the community and raising the safety awareness among residents are an integral part of our responsibilities. R&F has organised various safety education activities with Guangzhou Education Bureau, Guangzhou Emergency Office and other relevant departments, promoting education for children safety by raising safety awareness of parents and children on road safety, safety on electricity usage and food safety. In 2019, under the thorough support of R&F, a series of welfare activities of "FM 106.1 • Emergency Safety Education in Campus" have successively been held in 10 schools spread across 6 districts in Guangzhou, covering kindergarten, primary school, junior school, high school and secondary vocational schools.

Routes are countless. Safety is foremost! R&F Safety Education Classes begin!

TARGETED POVERTY ALLEVIATION

R&F is committed to implementing targeted poverty alleviation measure in locations where it operates, allocating resources to help underprivileged households out of poverty. In January 2019, R&F co-sponsored "The 9th Hope Project • R&F Reunion Activity in Southern Guangdong", which allowed deprived students in rural areas to meet their sponsors. The Group's Chairman attended the activity and encouraged the teenagers. The event has been held nine times since 2008, making a sponsorship for more than 27,000 students in need, with a total subsidy of approximately RMB40 million covering 21 municipalities in Guangdong province. The event has successively been awarded "Outstanding Example of National Project Hope in 20 Years", and "Excellent Project of Guangdong Poverty Alleviation".

Reunion in South Guangdong Dr. Li Sze Lim encouraged teenagers to forge ahead

In June 2019, R&F and Guangdong Youth Development Foundation jointly organised "Hope Activities", helping 500 children in difficulties in Fogang county to actualise their small wishes. In addition to resolving the living issues, the event promotes their growth and interest development. This is the fifth consecutive year of this thematic charitable activity since R&F first launched it in 2015.

R&F caring activities in Fogang: Fulfilling small wishes and helping big dreams

CARING FOR ELDERLY AND CHILDREN

On 1 June 2019, R&F held the Children's Joy activities in Sun Yatsen Memorial Hall. Over 900 migrant worker families coming from 20 communities in various cities, such as Guangzhou and Foshan, got together. The children enjoyed the music and fairy tales with their parents and spent a Children's Day with lots of fun and love.


R&F•Keep Love Around Children Day Gala

On 28 September 2019, volunteers of R&F went to R&F Cien Elderly Home in Guangzhou to visit the inhabitants and presented a well-prepared performance. This is the seventh year that R&F's volunteers have cooperated with the elderly nursing home of the city. Through this activity, every volunteer could be close to the old people, learning their real needs, and bringing happiness to their retirement life.


Caring for the old R&F voluntary visit in Guangzhou nursing home

MEMBERSHIPS AND CHARTERS

R&F actively cooperates with all parties to achieve maximum social impact. Participating in these economic, environmental and social associations is one of the ways we establish a broad foundation for cooperation. Currently, R&F or its subsidiaries participate in the following associations.

Economic	Community	Industry
• Guangzhou Chamber of Commerce of Private Enterprises • Chinese Chamber of Commerce • American Chamber of Commerce in South China	• Guangzhou Charity Association • Guangdong Charity Federation • Guangdong Anti-Drug Foundation • The fourth council of Guangzhou Justice and Courage Foundation • Guangdong Youth Development Foundation	• Guangzhou Real Estate Trade Association • Guangdong Real Estate Association • Guangdong Real Estate Chamber of Commerce • China Real Estate Chamber of Commerce • Guangzhou Urban Renewal Association • Guangdong Province Old Town Old factory Old Village Recreation Association

R&F also supports international initiatives in sustainable development, including the International Labour Convention and the United Nations' Sustainable Development Goals.

AWARDS AND RECOGNITIONS

The economic, environmental and social performance of R&F Properties has been recognised by external stakeholders. In 2019, we won the following awards.

Category	Award Name	Awarding Unit
Integrity and Honesty	Green Credit Index 83.2, Green Credit Rating A, Ranking 10	TOP50 (Interim Report) of China's Real Estate Enterprise Green Credit Index 2019 jointly researched and compiled by Caijing Magazine, The Investment Association of China, and Third-party Green Rating Agency Standard Ranking
	Trustworthy Real Estate Company of the Year	Finance Thinking
Caring for Employee	2019 Employer Excellence of China	51job.com
	2019 Extraordinary Employers in Guangzhou	Liepin.com

Category	Award Name	Awarding Unit
Economic Contribution	Ranked 761 in the Forbes Global 2000 in 2019/8th in the listed Chinese real estate companies	Forbes Magazine of USA
	Ranked 123 in Fortune China 500	Fortune (Chinese version) and CICC Wealth Management Department
	2019 Best 10 of China Real Estate Developers 2019 Best 10 of China Commercial Real Estate Developers 2019 Best 10 of Comprehensive strength of China Real Estate Developers 2019 China Top 100 Real Estate Developers Brand Value – 9th	China Real Estate Association, E-house China R&D Institute, China Real Estate Evaluation Centre
	15th in "2019 Top 100 Private Enterprises in Guangdong Province"	Guangdong Provincial People's Government, CPPCC Guangdong Provincial Committee, All-China Federation of Industry and Commerce
	TOP10 Brand Value of Chinese Real Estate Companies in 2019 (Mixed All)	China Real Estate TOP10 Research Group that consists of three research institutions, the Development Research Center of the State Council Enterprise Research Institute, Tsinghua University Real Estate Research Institute, and China Index Research Institute
	Ranked 15th in 2019 China Top 100 Real Estate Companies Ranked 13th in 2019 China Top 30 Listed Real Estate Companies (Real Estate (G30))	China Index Academy
	2019 Best 10 of China Real Estate Listed Companies with Strongest Comprehensive Strengths 2019 Best 10 of China H-shares Real Estate Listed Companies	China Real Estate Association, China Property Management Association, E-house China R&D Institute, China Real Estate Evaluation Centre
Product Liability	"Golden Tripod Award" – "40th Anniversary of Reform and Opening-up, Urban Development Contribution" Annual Quality Habitat Merit Enterprise	Real Estate Biweekly
	"2019 China Real Estate Fashion Awards" TOP30 China's annual influential real estate companies in 2019	China Index Academy
	Comprehensive Real Estate Enterprise in 2019	21jingji.com Real Estate Forum

Category	Award Name	Awarding Unit
	2019 Best Brand Award	China Business Journal and Chinese Academy of Social Sciences
	Marketing Innovative Brand	Guangdong Real Estate Chamber of Commerce and gz.house.163.com
	Excellent Brand Housing Enterprise of the Year (Mainland China)	58.com and anjuke.com
	Influential real estate companies in 2019	China Times
	The role model of real estate companies in 2019	Hexun Finance China Club, Hexun Real Estate Division

APPLICABLE LAWS AND REGULATIONS

Topic	Applicable laws and regulations	Compliance
Environment	• Environmental Protection Law of the People's Republic of China • Atmospheric Pollution Prevention and Control Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes • Energy Conservation Law of the People's Republic of China • Law of the People's Republic of China on Appraising of Environment Impacts • Regulations on the Administration of Construction Project Environmental Protection • Soil Pollution Prevention and Control Law of the People's Republic of China • Soil Pollution Prevention and Control Law	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the emission of gas and greenhouse gases, the discharge to the water or land, and the generation of hazardous or harmless waste.
Employment	• Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Provisions on the Prohibition of Using Child Labor • Law of the People's Republic of China on the Protection of Minors	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to employment and labour practices and the use of child on forced labour.
Safety	• Production Safety Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to occupational health and safety.
Product Liability	• Construction Laws of the People's Republic of China • Law of the People's Republic of China on Urban Real Estate Administration • City Planning Law of the People's Republic of China • Advertising Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the health and safety, advertising, labelling and privacy of products and services.
Anti-corruption	• Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Hong Kong Prevention of Bribery Ordinance	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the prevention of bribery, extortion, fraud and money laundering.

PERFORMANCE DATA SUMMARY

		Unit	2019^	2018*
Environment	**Resources Consumption**			
	Electricity	kWh	792,898,367	125,964,447
	Property	kWh	330,637,063	37,507,074
	Hotel	kWh	462,261,304	88,457,373
	Gasoline	liter	3,040,820	974,525
	Property	liter	2,884,893	966,210
	Hotel	liter	155,927	8,315
	Diesel	liter	753,540	42,954
	Property	liter	553,103	23,034
	Hotel	liter	201,268	19,920
	Natural gas	m^3	35,158,424	9,243,720
	Property	m^3	2,089,759	243,703
	Hotel	m^3	33,068,665	9,000,017
	LPG			
	Property	m^3	78,459	810
	Hotel	m^3	2,528,928	78,808
	Central cooling	kWh	47,421,742	N/A
	Property	kWh	2,050	N/A
	Hotel	kWh	47,419,692	N/A
	Tap water	m^3	26,464,041	6,742,816
	Property	m^3	14,825,121	4,284,656
	Hotel	m^3	11,638,920	2,458,160
	Greenhouse Gases			
	Total GHG emissions	tCO_2e	629,355	99,339
	Direct carbon emissions (scope I)	tCO_2e	111,283	32,981
	Indirect carbon emissions (scope II)	tCO_2e	518,072	66,358
	Air Emissions			
	Sulphur oxides (SOx)	tonnes	0.050	0.014
	Nitrogen oxides (NOx)	tonnes	6.384	4.306
	Particulate matters (PM)	tonnes	0.611	0.418
	Waste			
	Hazardous waste	tonnes	42	3.85
	Property	tonnes	0	0
	Hotel	tonnes	42	3.85
	General waste (recycled)	tonnes	31.584	21,028
	Property	tonnes	28,149	18,950
	Hotel	tonnes	3,435	2,078
	General waste (non-recycled)	tonnes	354,342	323,306
	Property	tonnes	327,667	289,778
	Hotel	tonnes	26,675	33,528

Employee	**Total Headcount**	60,235	60,325
	By Gender		
	Male	64%	64%
	Female	36%	36%
	By Employee Category		
	Management	5%	4%
	Mid-level manager	13%	12%
	General staff	82%	84%
	By Age		
	<30	39%	43%
	30-50	58%	54%
	>50	3%	3%
	By Geographical Distribution		
	Guangzhou	24%	23%
	Other Areas	76%	77%
	By Education Background (R&F Properties)		
	University or above	96%	93%
	Technical secondary school and others	4%	7%
	Employee Turnover – By Age		
	<30	2%	2%
	30-50	4%	4%
	>50	0%	0%
	Employee Turnover – By Gender		
	Male	4%	4%
	Female	2%	2%
	Employee Turnover – By Geographical Distribution		
	Guangzhou	1%	1%
	Other Areas	5%	5%
	Overall Turnover	6%	6%
	Training Performance		
	Training hours	1,914,111	1,739,236
	Average training hours	32	29
	Occupational Health and Safety Training		
	Total training person-time	797,892	20,000
	Total training hours	1,456,338	30,000
	Occupational Health and Safety Performance (Headquarter)		
	Number of work accidents	0	0
	Injury rate	0	0
	Lost days due to work injury	0	0
	Number of work-related fatalities	0	0

Community	**Community Involvement**			
	Charitable donations	RMB	35,200,000	28,250,000
	Voluntary work	hours	200	200

^ The environmental performance data in 2019 covers the Group's 253 projects, including 148 residential projects, 16 commercial projects and 89 hotels.

* The environmental performance data in 2018 covers the Group's 82 projects, including 49 residential projects, 12 commercial projects and 21 hotels.

CONTENT INDEX

This content index includes the GRI Sustainability Reporting Standard and the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
General Disclosures				
Organizational Profile	102-1	–	Name of the organization	Annual Report cover page
	102-2	–	Activities, brands, products, and services	Annual Report "About R&F"
	102-3	–	Location of headquarters	Annual Report "Corporate Information"
	102-4	–	Location of operations	Annual Report "Our Property Portfolio"
	102-5	–	Ownership and legal form	Company Limited
	102-6	–	Markets served	Annual Report "Our Property Portfolio"
	102-7	–	Scale of the organization	Annual Report "Business Review"
	102-8	B1.1	Information on employees and other workers	Build Careers for Employees
	102-9	B5.1	Supply Chain	Create Value for Customers
	102-10	–	Significant changes to the organization and its supply chain	No significant change
	102-11	–	Precautionary Principle or approach	Reduce Emissions for the Blue Sky
	102-12	–	External initiatives	Comply with laws and regulations of regions where it operates
	102-13	–	Membership of associations	Contribute to a Harmonious Community
Strategy	102-14	–	Statement from senior decision-maker	Chairman's Message
Ethics and Integrity	102-16	–	Values, principles, standards, and norms of behavior	Sustainability Management
Governance	102-18	–	Governance structure	Sustainability Management
Stakeholder Engagement	102-40	–	List of stakeholder groups	Sustainability Management

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
	102-41	–	Collective Bargaining agreements	Sustainability Management
	102-42	–	Identifying and selecting stakeholders	Sustainability Management
	102-43	–	Approach to stakeholder engagement	Sustainability Management
	102-44	–	Key topics and concern raised	Sustainability Management
Reporting Practice	102-45	–	Entities included in the consolidated financial statements	Annual Report "Consolidated Financial Statements"
	102-46	–	Defining report content and topic Boundaries	About the Report
	102-47	–	List of material topics	Sustainability Management
	102-48	–	Restatements of information	About the Report
	102-49	–	Changes in reporting	About the Report
	102-50	–	Reporting period	About the Report
	102-51	–	Date of most recent report	About the Report
	102-52	–	Reporting cycle	About the Report
	102-53	–	Contact point for questions regarding the report	About the Report
	102-54	–	Claims of reporting in accordance with the GRI Standards	About the Report
	102-55	–	GRI content index	Content Index
	102-56	–	External assurance	This ESG report has not been carried out external assurance
Actual Aspects				
Environmental				
Green Construction	103	A3	Policies that reduce the issuer's significant impact on the environment and natural resources.	Reduce Emissions for the Blue Sky
		A3.1	Describe the significant impact of business activities on the environment and natural resources and actions taken to manage the impact	

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Social				
Talent Management	103 401-2	B1 B1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Build Careers for Employees
	401-1	B1.2	Employee turnover rate by gender, age group and geographical region	Build Careers for Employees
Training and Development	103	B6	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities	Build Careers for Employees
	404-1	B3.2	Average training hours completed per employee by gender and employee category	Build Careers for Employees
Product health and safety	103	B6	Information on policy and compliance with relevant laws and regulations that have a significant impact on the issuer relating to Health and safety, advertising, labelling and privacy issues and remedies of products and services	Safeguard Health and Safety Create Value for Customers
	416-2	–	Violations involving the health and safety impact of products and services	Safeguard Health and Safety Create Value for Customers
Product and Service Quality Management	103	B6	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Value for Customers
		B6.4	Description of quality assurance process and recall procedures	Create Value for Customers

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Customer Satisfaction	103	B6	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Value for Customers
		B6.2	Number of products and service relating complaints received and how they are dealt with	Create Value for Customers
Economic				
Company economic performance	103		Explain how the organization manages the material topic and its impact	Annual Report "Letter to Shareholders" and "Financial Review"
	201-1		Direct economic value generated and distributed	
Business Ethics	103		Explain how the organization manages the material topic and its impact	Operate with Integrity and Honesty
Anti-corruption	103	B7	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operate with Integrity and Honesty
	205-3	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Operate with Integrity and Honesty
		B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Operate with Integrity and Honesty
Other Aspects				
Environmental				
Energy		A2	Policies on the efficient use of resources, including energy, water and other raw materials	Reduce Emissions for the Blue Sky

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
	302-1 302-3	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	
	302-4	A2.3	Description of energy use efficiency initiatives and results achieved	
Water		A2	Policies on the efficient use of resources, including energy, water and other raw materials	Reduce Emissions for the Blue Sky
	303-1	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
Emissions		A1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Reduce Emissions for the Blue Sky
	305-1 305-2 305-4	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
	305-7	A1.1	The types of emissions and respective emissions data	
		A1.5	Description of measures to mitigate emissions and results achieved	
Sewage and Waste		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduce Emissions for the Blue Sky

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
		A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	
Social				
Health and Safety		B2	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Safeguard Health and Safety
		B2.1	Number and rate of work-related fatalities	Safeguard Health and Safety
		B2.2	Lost days due to work injury	
		B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	
Development and Training		B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Build Careers for Employees
	404-1	B3.2	The average training hours completed per employee by gender and employee category	Build Careers for Employees
Labor Standards		B4	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Build Careers for Employees
Supply Chain Management		B5	Policies on managing environmental and social risks of the supply chain	Create Value for Customers

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Product Responsibility		B6	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Value for Customers
		B6.2	Number of products and service relating complaints received and how they are dealt with	Create Value for Customers
		B6.3	Description of practices relating to observing and protecting intellectual property rights	
		B6.4	Description of quality assurance process and recall procedures	
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	
Community Investment		B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contribute to a Harmonious Community
		B8.1	Focus areas of contribution	Contribute to a Harmonious Community
		B8.2	Resources contributed to the focus area	

HKEX Appendix 27 "Comply or explain" provisions

HKEX Appendix 27 Recommended disclosures

The Group's profit for the year increased by 16% to RMB10.093 billion, from RMB8.728 billion in the previous year. Revenue from property development increased by 20% to RMB79.689 billion in 2019 from RMB66.388 billion in 2018 and profit from property development increased by 11% to RMB9.953 billion in 2019 from RMB8.990 billion in 2018. Rental income increased 10% and brought profit for the property investment segment to RMB506 million not taking into account the fair value gains from investment properties and revaluation gains on investment properties transferred from properties under development of RMB1.877 billion (2018: RMB730 million). The earnings before interest, taxes, depreciation and amortisation of hotel operations was RMB1.397 billion as compared to RMB1.251 billion in the prior year (excluding the gains on bargain purchase from the acquisition of the hotel assets in 2018). The Group's other business segments (including construction services and the soccer team) recorded a loss of RMB776 million as compared with a loss of RMB877 million the previous year.

The Group carries out its core business of property development in 93 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

CONSOLIDATED INCOME STATEMENT

2019

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	**79,689,217**	**1,213,119**	**7,022,452**	**2,889,182**	**90,813,970**
Cost of sales	2	**(51,870,087)**	**(144,686)**	**(5,737,660)**	**(3,288,968)**	**(61,041,401)**
Gross profit	3	**27,819,130**	**1,068,433**	**1,284,792**	**(399,786)**	**29,772,569**
Other income and other gains – net	4	**883,142**	**1,877,477**	**35,339**	**56,172**	**2,852,130**
Selling and administrative expenses	5	**(7,343,974)**	**(138,381)**	**(1,436,783)**	**(656,169)**	**(9,575,307)**
Operating profit/(loss)		**21,358,298**	**2,807,529**	**(116,652)**	**(999,783)**	**23,049,392**
Finance costs	7	**(4,501,247)**	**(244,227)**	**(843,834)**	**(10,219)**	**(5,599,527)**
Share of results of joint ventures	6	**611,829**	**–**	**–**	**(638)**	**611,191**
Share of results of associates	6	**166,545**	**–**	**–**	**(1,337)**	**165,208**
Profit/(loss) before income tax		**17,635,425**	**2,563,302**	**(960,486)**	**(1,011,977)**	**18,226,264**
Income tax (expense)/credit	8	**(7,682,199)**	**(639,999)**	**(47,110)**	**236,254**	**(8,133,054)**
Profit/(loss) for the year	9	**9,953,226**	**1,923,303**	**(1,007,596)**	**(775,723)**	**10,093,210**

2018

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	66,388,492	1,101,314	7,027,752	2,340,124	76,857,682
Cost of sales	2	(39,649,465)	(41,882)	(6,034,713)	(3,182,113)	(48,908,173)
Gross profit	3	26,739,027	1,059,432	993,039	(841,989)	27,949,509
Other income and other gains – net	4	679,016	730,012	76,742	152,485	1,638,255
Selling and administrative expenses	5	(6,264,995)	(128,778)	(1,383,862)	(440,364)	(8,217,999)
Gains on bargain purchase		35,136	–	362,090	–	397,226
Operating profit/(loss)		21,188,184	1,660,666	48,009	(1,129,868)	21,766,991
Finance costs	7	(4,192,421)	(229,142)	(780,960)	(9,804)	(5,212,327)
Share of results of joint ventures	6	288,572	–	–	(67)	288,505
Share of results of associates	6	95,557	–	–	(1,380)	94,177
Profit/(loss) before income tax		17,379,892	1,431,524	(732,951)	(1,141,119)	16,937,346
Income tax (expense)/credit	8	(8,390,377)	(356,721)	273,760	264,377	(8,208,961)
Profit/(loss) for the year	9	8,989,515	1,074,803	(459,191)	(876,742)	8,728,385

1. Revenue increased by 20% to RMB79.689 billion, from RMB66.388 billion in the previous year. This revenue was based on delivery of 8,296,000 sq.m. of sale properties in the year which was approximately 36% more than the 6,113,000 sq.m. delivered in the previous year. Overall average selling price decreased by 12% to RMB9,610 per sq.m.. Four out of ten significant projects (with revenue not less than RMB1.5 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 10% of total revenue including R&F City in Chongqing, in Datong and in Harbin, and R&F Shangyue Court in Putian, and they had average selling price increased between 3% to 28% from the previous year. The six significant projects with average selling price decrease were R&F New Town in Tianjin, R&F Nanhu Yipin in Jiangmen, R&F Bay Shore in Taiyuan, R&F Yunhe No. 10 in Wuxi, R&F Cambridge Court in Nantong, R&F Golden Jubilee City in Nanchang, which accounted for 15% of total revenue and had a decrease of 3% to 11% in average selling price. New projects accounted for approximately 16% of total revenue. These included R&F Golden Jubilee City in Taiyuan, R&F Yuhu Peninsula in Ningbo and R&F Central Park in Yueqing, which together contributed RMB5.485 billion in revenue at an average selling price of RMB14,210 per sq.m.. For revenue by city, Taiyuan had the highest revenue of RMB8.148 billion and followed by Chongqing and Wuxi with revenue amounted to RMB3.853 billion and RMB3.850 billion respectively. Revenue of Taiyuan for the year increased 107%, from RMB3.935 billion in the prior year. The two flagship projects, R&F Bay Shore and R&F Tianxi City and one new project, R&F Golden Jubilee City, delivered 603,010 sq.m. at an average selling price of RMB10,200 per sq.m. and generated RMB6.150 billion in revenue. Revenue of Chongqing increased 16% due to more revenue generated from the project of R&F City. Revenue of Wuxi increased 19%, due to RMB3.252 billion in revenue from the two continuing projects, R&F Yunhe No.10 and R&F City. Aside from the three cities mentioned above, Nantong and Huizhou had revenue exceeding RMB3 billion. In Nantong's case, it was due to the delivery of a flagship project, R&F Cambridge Court with revenue amounted to RMB1.996 billion. The two flagship projects in Huizhou, R&F Bay Shore and R&F Hot Spring Valley generated RMB2.195 billion in revenue. There were another eight cities with revenue exceeding RMB2 billion. They were Huhhot, Nanchang, Harbin, Tangshan, Tianjin, Jiangmen, Yueqing and Shanghai.

The following table is the summary of revenue by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Taiyuan	8,148	870,200	9,360
Chongqing	3,853	510,800	7,540
Wuxi	3,850	221,700	17,360
Nantong	3,628	450,100	8,060
Huizhou	3,400	459,400	7,400
Huhhot	2,841	340,300	8,350
Nanchang	2,786	269,600	10,330
Harbin	2,568	210,400	12,200
Tangshan	2,374	248,600	9,550
Tianjin	2,298	263,900	8,710
Jiangmen	2,292	263,800	8,690
Yueqing	2,249	130,700	17,210
Shanghai	2,091	54,400	38,420
Ningbo	1,821	128,200	14,200
Baotou	1,800	275,700	6,530
Datong	1,748	284,300	6,150
Putian	1,521	133,400	11,400
Shijiazhuang	1,479	130,000	11,380
Huzhou	1,461	148,600	9,830
Meizhou	1,409	208,500	6,760
Hangzhou	1,363	92,200	14,790
Wenzhou	1,303	117,100	11,130
Qinhuangdao	1,295	131,200	9,870
Zhuhai	1,271	67,000	18,960
Fuyang	1,239	169,600	7,310
Guiyang	1,069	110,400	9,680
Beijing	1,037	57,400	18,060
Guangzhou	1,008	67,800	14,860
Linfen	979	137,000	7,150
Chuzhou	933	145,100	6,430
Fuzhou	918	38,900	23,620
Longyan	829	82,500	10,050
Malaysia	820	51,900	15,810
Sanming	812	94,700	8,580
Yantai	737	97,400	7,560

City	**Amount of turnover** (in RMB million)	**Saleable area sold** (sq.m.)	**Average selling price** (RMB/sq.m.)
Dongying	725	74,100	9,780
Australia	712	17,600	40,550
Cambodia	694	54,200	12,820
Hainan	675	27,900	24,210
Foshan	668	77,100	8,660
Xiangtan	666	117,300	5,680
Zouping	587	64,700	9,070
Shanwei	550	86,100	6,390
Shaoguan	502	77,000	6,520
Shenyang	395	42,400	9,310
Heze	388	58,600	6,620
Nanjing	362	23,900	15,160
Anshan	312	43,600	7,150
Fuzhou	291	39,500	7,370
Jiande	250	27,400	9,130
Chengdu	217	43,200	5,020
Tianmen	216	38,500	5,600
Yingde	200	44,500	4,490
Tieling	197	23,200	8,500
Jiujiang	191	30,900	6,200
Qingdao	176	17,700	9,950
Zhaoqing	170	28,600	5,930
Leshan	150	24,700	6,080
Xi'an	150	13,400	11,210
Others	1,015	137,100	7,440
Total	**79,689**	**8,296,000**	**9,610**

2. Overall cost of sales per sq.m. decreased 4% to RMB6,250 per sq.m. and costs of land and construction per sq.m. was stable at RMB5,810 per sq.m. (2018: RMB6,490 per sq.m. and RMB5,790 per sq.m.) with the change in sale mix. The range for land and construction cost per sq.m. of individual project was from RMB28,700 to RMB3,040. At the high end of the range were residential projects in Shanghai, Hainan and Brisbane that typically carried higher land and construction costs. In the low end of the range were residential projects in tier 2 or 3 cities. Taiyuan, Chongqing and Wuxi, the three cities with highest revenues in the year, carried average land and construction cost of RMB6,030 per sq.m., and they together casted a significant influence to overall land and construction cost per sq.m. due to their high proportion in total revenue. In the year under review, land and construction costs accounted for 93% (2018: 89%), levy and business tax 1% (2018: 2%) and capitalized interest 6% (2018: 9%) of overall cost of sales. Capitalized interest included in the cost of sales decreased to RMB3.033 billion from 2018's RMB3.519 billion. As a percentage of revenue from sale of properties, it was decreased to 3.8% from 5.3% from previous year. The cost of sales also included RMB614 million (2018: RMB718 million) in levy and business tax.

3. As described above, with the cost of sales per sq.m. and average selling price decreased by 4% and 12% respectively, the overall gross margin fell accordingly by 5.4 percentage point to 34.9% from 40.3% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Taiyuan, Chongqing and Wuxi were 28.5%, 44.4% and 32.0% respectively as compared to 28.1%, 42.5% and 40.8% in the prior year. The gross margins of the Nantong, Huizhou and Huhhot were 30.0%, 35.7% and 43.2% respectively.

4. Other income and other gains-net were mainly the result of interest income and other operating income.

5. Selling and administrative expenses as a percentage of revenue was 9.2% (2018: 9.4%). As compared to the previous year, selling and administration expenses for the year increased by 17% to RMB7.344 billion. Breaking down into its two components, selling expenses increased by RMB644 million to RMB2.935 billion and administrative expenses increased by RMB435 million to RMB4.409 billion. Selling expenses increased mainly because the number of sales projects in the year further increased to 194 from 155 in the last year. The main component of administrative expenses was personnel costs which was comparable with that of the previous year.

6. The share of result of associates was mainly derived from the Group's 45% interests in the Henan Jianye project and 30% interests in Longyan Hengfu project. The share of results of joint ventures were mainly 33.34% interests in the Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Daxinan project, 50% interests in Nanning Fuya Business Park project, 50% interests in Guangzhou Senhua project and 17.5% interests in Tianjin Junyou project. These nine projects mentioned had a combined revenue in the year of RMB10.119 billion.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalized to development costs, increased by 7% to RMB5.600 billion (2018: RMB5.212 billion) mainly as a result of higher average debts. Total interest incurred in the year increased from RMB9.450 billion in the prior year to RMB13.731 billion with outstanding loans at the year-end of approximately RMB197.14 billion (2018: RMB163.30 billion) and an average interest rate of 6.60% (2018: 5.74%). Aggregate interest expenses included in this year's results amounted to RMB8.642 billion (2018: RMB8.762 billion) counting also capitalized interest released to cost of sales of RMB3.042 billion (2018: RMB3.550 billion).

8. Land appreciation tax (LAT) of RMB4.045 billion (2018: RMB4.857 billion) and enterprise income tax of RMB3.637 billion (2018: RMB3.534 billion) brought the Group's total income tax expenses for the year to RMB7.682 billion. As a percentage of turnover, LAT decreased to 5.1% from 7.3% in 2018. The effective enterprise income tax rate was 26.8% (2018: 28.2%), deviating from the standard rate by 1.8% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's profit margin for the year was 11.1%, when compared to 10.8% in the previous year (not taking into account the gains on bargain purchase in 2018).

CONSOLIDATED BALANCE SHEET

	Note	**2019 (RMB'000)**	2018 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**–**	9,979,114	–100%
Property, plant and equipment	2	**35,091,574**	34,896,876	1%
Right-of-use assets	1	**10,774,952**	–	N/A
Investment properties	3	**33,469,576**	29,019,386	15%
Intangible assets	4	**1,281,393**	1,110,022	15%
Interests in joint ventures	5	**10,795,165**	10,265,788	5%
Interests in associates	6	**644,329**	390,718	65%
Deferred income tax assets	7	**10,346,768**	8,716,280	19%
Financial assets at fair value through other comprehensive income	8	**1,042,442**	627,967	66%
Trade and other receivables and prepayments	9	**162,469**	112,139	45%
Current assets				
Properties under development	10	**167,399,023**	150,197,550	11%
Completed properties held for sale	11	**55,313,790**	41,967,903	32%
Inventories		**969,621**	974,331	0%
Trade and other receivables and prepayments	9	**57,729,973**	36,876,446	57%
Contract assets	12	**963,907**	724,178	33%
Tax prepayments		**2,905,530**	5,628,668	–48%
Restricted cash	13	**15,531,531**	14,923,681	4%
Cash and cash equivalents	13	**22,904,275**	19,782,883	16%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	14	**134,870,694**	110,948,510	22%
Lease liabilities		**132,013**	–	N/A
Deferred income tax liabilities	15	**8,221,383**	7,665,675	7%
Current liabilities				
Accruals and other payables	16	**83,905,870**	67,434,238	24%
Contract liabilities	17	**38,899,448**	39,306,378	–1%
Current income tax liabilities	18	**19,159,511**	18,628,381	3%
Short-term borrowings	14	**14,116,659**	13,788,898	2%
Current portion of long-term borrowings	14	**48,153,395**	38,561,266	25%
Lease liabilities		**68,220**	–	N/A
TOTAL EQUITY		**79,799,125**	69,860,584	14%
Non-controlling interests		**2,441,232**	1,609,620	52%

1. Due to the adoption of HKFRS16, land use rights was reclassified as right-of-use assets. This related to self-use assets and hotels.

2. The increase represented by: 1) a hotel acquired from Nantong Fudu, 2) the further construction costs of self-use assets, and 3) the further construction costs of six hotels in Hainan, Shanghai, Tianjin, and Harbin.

3. The increase represented mainly by: 1) three new investment properties transferred from properties under development in Malaysia, Taijiang and Taiyuan and one new investment property under construction in Ganzhou; 2) the fair value gain of existing properties in Guangzhou, Beijing, Chengdu, Shandong and Shanghai.

4. The change mainly due to the acquisition and disposal of soccer team members, and the amortisation charges.

5. Increase mainly being the Group's investment in Guangzhou Fujing and Guangxi Fuya which have generated revenue and net profit in 2019.

6. Increase mainly being the Group's capital injection to the existing projects and the share of profits of the projects in Henan and Longyan.

7. Increase of deferred income tax assets was mainly resulted from tax losses and accrued development cost.

8. The increase of financial assets at fair value through other comprehensive income was mainly due to: 1) the addition of the shares of the Bank of Jiujiang Co., Ltd and 2) the fair value gain of existing holding shares of Shanghai Wuling Investment Center (limited partnership) and Guangzhou Yuexiu Financial Holdings Group Co., Ltd..

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control. The increase was mainly due to the housing delivery on a large scale in the end of 2019 including the delivery of Huhhot R&F Prosperous Palace and Fuyang R&F City. The increase of other receivable was due to increase of deposits for acquisitions of urban redevelopment projects.

10. The increase was mainly due to land acquisition and ongoing construction activities in various cities, including Hangzhou, Taiyuan, Xi'an, Jinhua, Ganzhou, Yancheng, Weinan and London.

11. The increase was mainly due to completion of various projects in Tangshan, Hangzhou, Tianjing, Chuzhou, Shanxi, Meishan and countries such as Australia and Cambodia.

12. The excess of cumulative revenue receognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The contract assets increased by RMB0.24 billion for the year.

13. Cash maintained at a level adequate for the Group's operation and further development.

14. Refer to "Financial resources, liquidity and liabilities".

15. The increase in deferred income tax liabilities was mainly resulted from fair values gains of investment properties.

16. Construction payables and other payables and accrued charges representing approximately 47% and 45% of the total and increased by RMB11.220 billion and RMB6.222 billion, respectively.

17. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. Decrease mainly due to the rate of delivery of completed properties was faster than the rate of cash received from sale of properties during the year.

18. The increase in income tax liabilities was due to the accrued LAT, which are the results of the increase of revenue and profit.

CASH FLOW

	Note	**2019 (RMB'000)**	2018 (RMB'000)
Net cash used in operating activities	1	**(24,145,456)**	(8,617,241)
Net cash used in investing activities	2	**(5,379,698)**	(5,809,442)
Net cash generated from financing activities	3	**32,517,052**	14,535,885
Net increase/(decrease) in cash		**2,991,898**	109,202
Exchange gains/(losses) on cash		**129,494**	(23,488)
Cash at 1 January		**19,782,883**	19,697,169
Cash at 31 December		**22,904,275**	19,782,883

1. Cash used in construction and payment of interests increased.

2. Cash used for purchasing assets decreased.

3. Increase mainly being the cash generated from placing of H shares and increase in net proceeds from borrowings.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

As at 31 December 2019, the Group's cash amounted to RMB38.44 billion of which RMB32.64 billion was in Renminbi, RMB3.36 billion was in Hong Kong dollar, RMB1.66 billion was in US dollar, RMB495 million was in Malaysian Ringgit, RMB236 million was in Australian dollar, RMB35 million was in British pound, RMB9 million was in Korean won and Singaporean dollar and with total borrowings at RMB197.14 billion of which RMB149.25 billion was in Renminbi, RMB44.72 billion was in US dollar, RMB1.58 billion was in British pound, RMB756 million was in Hong Kong dollar, RMB659 million was in Australian dollar and RMB170 million was in Malaysian Ringgit. Net debt to total equity ratio was at 198.9%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, medium-term notes and super & short-term commercial papers and 4) trust loans and others each accounted for 49%, 17%, 22% and 12% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB120.0 billion (2018: RMB130.3 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are fulfilled such as the availability of suitable projects and specified documents e.g. construction permits.

DEBT PROFILE

	Due within					
	1 year	**2 years**	**3-5 years (RMB million)**	**over 5 years**	**Total**	**Interest rate**
Bank borrowings	8,451	2,683	819	242	12,195	Fixed
Bank borrowings	17,841	19,064	28,705	18,729	84,339	Floating
Domestic Bonds	18,112	19,134	2,316	–	39,562	Fixed
Medium-term Notes	1,999	–	–	–	1,999	Fixed
Super & short-term commercial papers	1,000	–	–	–	1,000	Fixed
Senior Notes	–	11,746	22,861	–	34,607	Fixed
Other borrowings	13,508	4,651	799	1,200	20,158	Fixed
Other borrowings	1,360	329	244	1,348	3,281	Floating
	62,271	**57,607**	**55,744**	**21,519**	**197,141**	

During the year, the Group had an addition of totally USD2.70 billion senior notes with 2 to 5 years maturity at fixed interest rates of 8.125% to 9.125%, RMB5.80 billion super & short-term commercial papers with 90 to 270 days maturity at fixed interest rates of 4.83% to 5.66% and RMB9.0 billion domestic public corporate bonds with 4 to 5 years maturity at fixed interest rates of 5.60% to 7.00%. The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 32%, 57% and 11% of total debts respectively. Bank loans repaid in the year amounted to RMB38.16 billion while new bank loans of RMB49.90 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2019 was 5.54% (2018: 5.36%). Exchange rate exposure was manageable as non-RMB borrowings accounted for approximately 24% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2019, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds, medium-term notes and super & short-term commercial papers further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

Charge on assets

As at 31 December 2019, assets with total carrying values of RMB128.67 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB107.88 billion (at 31 December 2018: RMB 94.31 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2019, such guarantees totaled RMB89.74 billion, increased by 20% from RMB74.89 billion as at 31 December 2018.

EMPLOYEE AND EMOLUMENT POLICIES

As of 31 December 2019, the Group had approximately 62,305 employees (31 December 2018: 60,325). The total staff costs incurred were approximately RMB3.479 billion during the financial year ended 31 December 2019. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Director and senior management would not be involved in deciding their own remuneration.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2019, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior management. For better formulation of the Company's long-term strategic policy and the submission of A-share application in PRC, the Company authorized the formation of a specific function in 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function. In 2019, it discussed and reviewed the 2020 debt financing proposal.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2019, the Board consisted of nine directors, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Biographical details of the directors and their relationships, if any, are set out on pages 100 to 101 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to the Company's strategies, performances, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group's business and are able to make further enquiries whenever necessary. They also have unrestricted access to the advice and services of the joint company secretaries, who are responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues relating to the Group's business at the Company's expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions against the directors arising out of corporate activities.

Chairman and Chief Executive Officer

The Chairman, Dr. Li Sze Lim, provides leadership and oversees the Board's jobs and performances. He is responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of executive directors.

Mr. Zhang Li, the Co-chairman, is also the chief executive officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board.

The role of the chief executive officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules and considers all of them to be independent.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhou Yaonan	4/4
Lu Jing	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	4/4

During these Board meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They reviewed the interim and annual financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company (the "Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda.

The joint company secretaries assist the Chairman in preparing the agenda for the Board and Board committees' meetings and ensure that all applicable rules and regulations are followed. They also prepare detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involves a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2019 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The meetings of the Board committees adopt the practices used in the Board meetings.

Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. The chairman of the committee is Mr. Wong Chun Bong, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; making recommendations to the Board on appointing or removing external auditors; and considering their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2018 and the interim results for the six months ended 30 June 2019 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Wong Chun Bong	2/2
Li Helen	2/2
Zheng Ercheng	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board on policy regarding remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. Individual director and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior management. It reported that the compensation payable by the Company to each director and senior management was in accordance with contractual terms, and that such compensation was fair and not excessive.

For the year ended 31 December 2019, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0-4,000,000	4
4,000,001-8,000,000	4
8,000,001 or above	2

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 41 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Ng Yau Wah, Daniel	1/1

Nomination Committee

The nomination committee has been established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning. The Board Diversity Policy specifies that the selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The nomination committee will review such policy, as appropriate, to ensure its effectiveness.

During the year, the nomination committee held one meeting, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Zheng Ercheng	1/1
Wong Chun Bong	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the director and supervisor in the Company's general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") which sets out, inter alia, the factors in determining dividend payment. The Board will review the Dividend Policy, as appropriate, in order to maintain a balance between the expectations of shareholders and prudent capital management.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statutes, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries provide the directors with updates on latest changes and developments in the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements from time to time.

During the year, directors are provided with updates on the Company's performance and in-house training had been arranged. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Type of Continuous Professional Development: Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Ms. Liang Yingmei and Mr. Zhao Xianglin, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Chen Liangnuan	2/2
Liang Yingmei	2/2
Zhao Xianglin	2/2

RE-ELECTION OF DIRECTORS AND SUPERVISORS

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The term of office of (i) Ms. Li Helen, the non-executive director of the Company; (ii) Mr. Zheng Ercheng and Mr. Wong Chun Bong, the independent non-executive directors of the Company; and (iii) Mr. Zhao Xianglin, the supervisor of the Company, will expire on 30 May 2020, all of them, being eligible, have offered themselves for re-election at the forthcoming 2019 annual general meeting ("AGM").

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2019.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year, the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2019 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB7.060 million and RMB4.455 million respectively. Audit services include the review of financial information. Non-audit services mainly consisted of advisory, review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining the internal control and risk management systems effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use the Company's resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an on-going basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and implemented throughout the Group. The Board, with the assistance of audit committee, collect the information from the reporting procedure of the risk management system. Risks that would significantly affect the Group are identified, assessed and prioritised. Plans are then established to mitigate those risks that are significant.

The Company takes every precaution in its handling of inside information. The Company has implemented a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), in relation to the disclosure of inside information.

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2019 and for the year ended 31 December 2019. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

The joint company secretaries are full time employees of the Company and have day-to-day knowledge of the Company's affairs. For the year under review, the joint company secretaries have confirmed that each of them has undertaken enough hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 30 days prior to the date of the meeting.

Voting of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the beginning of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting and class meeting can be convened on the requisition of shareholders, either individually or jointly, holding 10% or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association, shareholders individually or jointly holding 3% or more of the voting shares of the Company may submit in writing interim proposals to the convenor 10 days before the date of the convening of the shareholders' general meeting.

The convenor shall, within 2 days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

INVESTOR AND SHAREHOLDER RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.

The AGM also serves as an important channel of communication between directors and shareholders. The chairman of the Board personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and the chairman/members of the Board committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

GENERAL MEETING

In 2019, the Company held one general meeting (i.e. the 2018 AGM).

Attendance of the directors at the 2018 AGM is set out below:

Name of Directors	2018 AGM
Executive Directors	
Li Sze Lim	√
Zhang Li	√
Zhou Yaonan	√
Lu Jing	√
Non-executive Directors	
Zhang Lin	√
Li Helen	√
Independent Non-executive Directors	
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong	√

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretaries whose contact details are as follows:

Joint Company Secretaries
Guangzhou R&F Properties Co., Ltd.
Room 1103, Yue Xiu Building,
160-174 Lockhart Road, Wanchai, Hong Kong
Telephone: (852) 2511 6675
Fax: (852) 2511 9087

CONSTITUTIONAL DOCUMENTS

During the year, there is no change on the Articles of Association.

REPORT OF THE DIRECTORS

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2019. The audited financial statements were approved by the directors on 26 March 2020.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's revenue and total assets during the financial year, by business segment, is set out in Note 5 to the financial statements.

A list of principal subsidiaries, joint ventures and associates, together with their places of operation and incorporation, their issued capital and registered capital, is set out in Notes 11, 12 and 13 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2019 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 111 to 220 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 222 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 82 of this report and the paragraphs below.

Policy Risk

As an important pillar for various economic indicators and drivers of growth across industries, the property industry is more susceptible to the impact of macro-economic and industrial policies.

With trade tensions and slowdown in global economy, China has imposed some easing policies targeting the property sector. It is important for the Company to proactively adapt itself to changes in regulatory policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies.

Business Risk

As a property development company, if we are unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result. The Group has been actively engaging in city redevelopment as a mean to increase land bank. In 2019, the Company continues to actively develop valuable land and has acquired 38 plots of land in 32 cities and regions, increasing the land bank resources.

Market Risk

As the growth rate of the industry becomes stabilised, the industry will face the risk of declining long-term potential demands. Therefore, in order to maintain and further enhance its market competitiveness, the Company implements a steady business development strategy by actively developing a diversified market in cities in China and exploring new overseas markets.

In addition, the overseas business of the Company is primarily settled in foreign currencies, and changes in RMB exchange rates will be subject to a number of factors. This might result in exchange losses for the Company and affect the assets and business revenue of the Company denominated in RMB.

Financial Risk

The Company raises funds mainly through internal resources, bank borrowings and debt issues in the capital markets. Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company.

In 2019, the Group has raised capital through USD senior notes, syndicated loan facility and commercial loans. It has also issued corporate bonds and super & short-term commercial papers in China to maintain sufficient financial flexibility. The Company has also completed the placing of 273,000,000 new H shares on 30 December 2019 to optimize the capital structure of the Company.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong. On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2019 of RMB0.42 per share, or a Hong Kong dollar equivalent of HK$0.468050 per share.

FINAL DIVIDEND

The Board has proposed a final dividend for 2019 of RMB0.86 per share. The proposed final dividend, if approved by the shareholders at the AGM on 29 May 2020, will be paid to shareholders (including domestic shares and H shares) whose names appear on the register of members of the Company as at the close of business on Wednesday, 10 June 2020. The proposed final dividend has not been reflected in the financial statements as at 31 December 2019. Dividends on H shares are also subject to PRC withholding tax.

According to the Articles of Association, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF DIVIDEND

Upon obtaining approval of the shareholders at the forthcoming AGM, the final dividends will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 10 June 2020. The final dividend is expected to be paid to the shareholders of the Company on or before 30 June 2020. The H share register of members of the Company will be closed from Thursday, 4 June 2020 to Wednesday, 10 June 2020, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 3 June 2020.

AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2019 AGM of the Company will be held on Friday, 29 May 2020 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 29 May 2020, the register of members of the Company will be closed from Wednesday, 29 April 2020 to Friday, 29 May 2020, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 28 April 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's total revenue.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB35.20 million (2018: RMB28.25 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in Notes 7 and 9 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in Note 16 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in Note 17 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2019 are set out in Note 24 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

MANAGEMENT CONTRACTS

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

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB8.505 billion (2018: approximately RMB6.020 billion).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2019 are set out on pages 223 to 242 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2019 are set out in Note 22 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2019, the Company's distributable reserves were approximately RMB4.821 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

Based on the placing agreement dated 19 December 2019, the Company completed the placing of 273,000,000 new H shares on 30 December 2019 at the placing price of HK$13.68 per placing share. The Directors considered the placing an opportunity to reduce the Company's reliance on debt financing and optionize the capital structure of the Company. Proceeds from the placing have been used to repay the Company's off-shore debts. For details of the placing, please refer to the announcements of the Company dated 19 December 2019 and 30 December 2019.

Details of movements in the share capital of the Company during the year up to 31 December 2019 are set out in the statement of changes in equity on pages 115 to 116 of this annual report.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

Executive Directors
Dr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zhao Xianglin

The Company has received an annual confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

The term of office of (i) Ms. Li Helen, the non-executive director of the Company; (ii) Mr. Zheng Ercheng and Mr. Wong Chun Bong, the independent non-executive directors of the Company; and (iii) Mr. Zhao Xianglin, the supervisor of the Company, will expire on 30 May 2020, all of them, being eligible, have offered themselves for re-election at the forthcoming 2019 AGM.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 100 to 104 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

	Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group		
Name of director	**Name of entity**	**Description of business**	**Nature of the interest of the director in the entity**
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns partial parking spaces in Beijing	Shareholder
Zhang Li	Fushengli	Owns partial parking spaces in Beijing	Shareholder

Dr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2019 were as follows:

		Number of shares				
Director/ Supervisor	**Class of shares**	**Personal**	**Spouse or child under 18**	**Corporate interest**	**Total number of shares held at the end of the period**	**Approximate percentage of interests in the total share capital** Note
Li Sze Lim	Domestic share	1,045,092,672				
	H share	17,000,000	5,000,000	16,000,000	1,083,092,672	30.99%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	H share	6,632,800			1,031,725,472	29.52%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.66%
Lu Jing	Domestic share	35,078,352			35,078,352	1.00%
Li Helen	H share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.57%

Note:

The Company's total number of issued shares as at 31 December 2019 was 3,495,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 63.14% of the total share capital of the Company and 1,288,258,400 shares were held by the holders of H shares, accounting for 36.86% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Easy Tactic (Note 4)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim, through his spouse, has an interest in (i) US$7,000,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic, a wholly-owned subsidiary of the Company; (ii) US$14,000,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; (iii) US$10,000,000 of the US$875 million 8.125% senior notes due 2023 issued by Easy Tactic; and (iv) US$15,000,000 of the US$450 million 8.125% senior notes due 2024 issued by Easy Tactic.

4. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US$1,050,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic; and (ii) US$500,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic.

Save as disclosed above, as at 31 December 2019, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
Citigroup Inc.	H share	129,398,645 (L) 75,377,314 (S) 46,422,455 (P)	10.04% 5.85% 3.60%
JPMorgan Chase & Co.	H share	118,835,561 (L) 66,558,239 (S) 31,818,731 (P)	9.22% 5.16% 2.46%
Credit Suisse Group AG	H share	78,199,533 (L) 67,601,281 (S)	6.07% 5.25%
BlackRock, Inc.	H share	73,671,668 (L) 66,800 (S)	5.72% 0.01%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.
2. 1,288,258,400 shares were held by the holders of H shares, accounting for 36.86% of the total share capital of the Company.

Save as disclosed above, as at 31 December 2019, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

PRE-EMPTIVE RIGHTS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under Chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group entered into transactions with related parties as disclosed in Note 38 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules:

1. Purchase of environment drinking water system from Guangzhou Canton-Rich Environmental Inc.;

2. Purchase of installation services from 廣州鉅融機電工程有限公司;

3. Purchase of construction services from 准格爾旗富量礦業有限公司;

4. Transfer of equity interests in subsidiaries to Guangzhou Fuxing Investment Consultation Co., Ltd; and

5. Amounts due to major shareholders.

Save for the above exempted connected transactions, there were no other connected transactions in the year.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in Note 39 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
26 March 2020

Dear Shareholders,

During 2019, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company's Articles of Association to protect the interests of shareholders.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zhao Xianglin, both independent supervisors representing shareholders' interests. A member of the Committee attended the Board meeting at which the Company's 2019 final results were approved, and will also attend the upcoming 2019 AGM.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2019, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2019 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2019, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
26 March 2020

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）, SBS, JP, HonDBus (Macq), aged 63, is the Chairman of the Company

Dr. Li is the founder of the Group, the Chairman, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Dr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was awarded a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2018. He was a merchant when starting his career in the real estate business in 1993. In August 1994, Dr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Dr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute, a member of the Twelfth Executive Committee of the All-China Federation of Industry and Commerce, a vice chairman of All-China General Chamber of Industry and Commerce, the president and the chairman of the supervisory board of New Home Association and a director and part-time professor of Jinan University. Dr. Li was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region on 1 July 2019. Dr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Dr. Li is also a director of certain subsidiaries of the Company.

Zhang Li（張力）aged 67, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang is the founder of the Group, the Co-chairman, an executive director and chief executive officer of the Company. He is mainly responsible for land acquisition, construction development, cost control and managing daily operations. Mr. Zhang started his career in the construction and renovation business. Prior to founding the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Dr. Li Sze Lim, founded the Company. Mr. Zhang owns over 20 years of experience in real estate development and investment. Mr. Zhang is also chairman and executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange. Mr. Zhang is a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference, the president of China Real Estate Chamber of Commerce and a director and part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Zhou Yaonan（周耀南）aged 66, is an Executive Director and Deputy Vice President of the Company

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management of the Group. Mr. Zhou graduated from South China Normal University with a bachelor's degree. He was appointed as a deputy general manager when he joined the Group in October 1995 and was made general manager in 2005. He was elected as an executive director of the Board of the Company in October 2001 and appointed as a deputy vice president of the Company in September 2008. Mr. Zhou is currently an executive director and deputy vice president of the Company. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou. Save as disclosed above, Mr. Zhou is also a director of certain subsidiaries of the Company.

Lu Jing（呂勁）aged 60, is an Executive Director of the Company and Deputy Vice President of the Urban Renewal Group

Mr. Lu graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as deputy general manager of the Company since then. He was elected as an executive director of the Board of the Company in October 2001. Mr. Lu was also the deputy vice president of the urban renewal group in July 2019. Mr. Lu was appointed as a general manager of the subsidiaries, Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd. and was appointed as a vice director of Shanghai R&F Properties Development Co., Ltd.. Prior to joining the Group, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou. Save as disclosed above, Mr. Lu is also a director of certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Zhang Lin（張琳）aged 71

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang is also a non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Li Helen（李海倫）aged 69

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd.. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Dr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng（鄭爾城）aged 62

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng has extensive experience in the China banking industry and financial sector.

Mr. Zheng is also an independent non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Ng Yau Wah, Daniel（吳又華）aged 64

Mr. Ng is an independent non-executive director and a member of the remuneration committee of the Company. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. He is currently the executive director of Gayloy Limited, a company engaging in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng has substantial experience in property investment projects in China, Hong Kong and Malaysia.

Mr. Ng is also an independent non-executive director of Anchorstone Holdings Limited (Stock code: 1592), a company listed on the Hong Kong Stock Exchange.

Wong Chun Bong（王振邦）aged 61

Mr. Wong is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University. Mr. Wong is currently the sole practitioner of a firm of certified public accountants in Hong Kong. He was also an ex-member of both the Council and Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong.

Mr. Wong is an independent non-executive director of Glory Sun Financial Group Limited (Stock code: 1282) and Glory Sun Land Group Limited (Stock code: 299), companies listed on the Hong Kong Stock Exchange.

SUPERVISORS

Chen Liangnuan（陳量暖）aged 70

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and is now its supervisor. Tianli is a wholly-owned subsidiary of the Company. Mr. Chen was also the chairman of Tianli, Foshan Lizun Metal Products Co., Ltd.（佛山力尊金屬製品有限公司）and Guangzhou Tianyin Landscape Engineering Co., Ltd.（廣州天盈園林工程有限公司）. Save as disclosed above, Mr. Chen is also a director of certain subsidiaries of the Company.

Liang Yingmei（梁英梅）aged 79

Ms. Liang is a supervisor of the Company (representative of shareholders). Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was the chairman of the Association of the Construction Materials Industry of Guangzhou. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang has over 40 years of experience in the construction industry.

Zhao Xianglin（趙祥林）aged 78

Mr. Zhao is a supervisor of the Company (representative of shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

SENIOR MANAGEMENT

Zhu Ling（朱玲）aged 53, is the Chief Financial Officer of the Company

Ms. Zhu graduated from Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 2007 and 2009 respectively. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company（廣州郊區糖煙酒公司）, China National Aero-Technology Import & Export Corporation Guangzhou Hangcheng Company（中國航空技術進出口公司廣州航城公司）as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005. Save as disclosed above, Ms. Zhu is also a director of a subsidiary of the Company.

Wang Heng（王珩）aged 50, is a vice president of the Company

Ms. Wang graduated from Shanghai Jiaotong University. She was a lecturer in Guangzhou Normal Institute from 1992 to 1995. Prior to joining the Company in 1995, Ms. Wang held several positions in the Company, such as manager of human resources and administration department, director of human resources and administration department and secretary of the Board of the Company. Ms. Wang was appointed as secretary of the Board of the Company in 2001, vice general manager of the Company in 2003. She has been appointed as vice president of the Company since December 2010. Save as disclosed above, Ms. Wang is also a director of certain subsidiaries of the Company.

Zhang Hui（張輝）aged 45, is a vice president of the Company

Mr. Zhang graduated from South China University of Technology with a major in architecture. Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Upon joining the Company in 2002, Mr. Zhang held several positions in the Company from 2002 to 2005, such as vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. since December 2017. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Liu Zhen（劉臻）aged 54, is a vice president of the Company and chairman of Southern China region

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. In March 2013, he was appointed as a vice general manager of the Company and general manager of Southern China region. He has been appointed as a vice president of the Company and general manager of Southern China region since July 2016 and was appointed as chairman of Southern China region in October 2018. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

Zhao Feng（趙渢）aged 50, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Yue Fu Technologies (Environmental) Inc.. Since joining the Company in 2004 until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Since July 2016, Mr. Zhao has been appointed as a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Save as disclosed above, Mr. Zhao is also a director of certain subsidiaries of the Company.

Zhang Yanqi（張彥琦）aged 41, is a vice president of the Company

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Company. Mr. Zhang has been appointed as a vice president of the Company since October 2014.

Xiang Lijun（相立軍）aged 47, is a vice president of the Company and chairman of Northwestern China region

Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016 and was appointed as chairman of Northwestern China region in October 2018. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

Yang Ye（楊曄）aged 40, is a vice president of the Company, chairman of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd.

Mr. Yang graduated from Changsha University of Science & Technology and South China University of Technology with a bachelor degree in architecture and a master degree in urban planning respectively. Prior to joining the Company, Mr. Yang worked with the Artman Group Canada. Upon joining the Company in 2006, Mr. Yang held the positions of assistant to chief engineer and vice chief engineer of the Company. He was appointed as the general manager of Hangzhou R&F Properties Development Co., Ltd. in 2012, as the vice general manager of the Company, general manager of Eastern China region and general manager of Hangzhou R&F Properties Development Co., Ltd. in 2015, as the vice general manager of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. in 2016, as a vice president of the Company in March 2017 and as chairman of Eastern China region in October 2018. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

Xie Wei（謝威）aged 47, is a vice president of the Company and chairman of Central Southern China region

Mr. Xie graduated from Wuhan University of Technology with a master degree in Engineering. Prior to joining the Company, Mr. Xie had held the position of general manager of Guangdong Hopson Yuehua Properties Development Co., Ltd. (廣東合生越華房地產開發有限公司). Upon joining the Company in 2010, Mr. Xie held the positions of vice general manager of the Company's engineering department, assistant to general manager of Southern China region. In 2013, he was appointed as a general manager of Fuzhou R&F Properties Development Co., Ltd.. In 2017, he was appointed as a vice general manager of the Company, general manager of Central Southern China region and the chairman of the companies of Fujian, Jiangxi and Wuhan. In May 2018, he was appointed as a vice president of the Company. Mr. Xie was appointed as the chairman of Central Southern China region in October 2018. Mr. Xie is currently a vice president of the Company and chairman of Central Southern China region in October 2018. Save as disclosed above, Mr. Xie is also a director of certain subsidiaries of the Company.

Hu Jie（胡杰）aged 44, is a vice general manager, secretary of the Board

Mr. Hu graduated from Jinan University with a master degree in finance. Prior to joining the Company, he had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has been appointed as secretary of the Board of the Company since June 2007. In February 2019, he was appointed as vice general manager of the Company. Mr. Hu is currently a vice general manager and secretary of the Board of the Company.

Mr. Hu is an independent non-executive director of Mobvista Inc. (Stock code: 1860), a company listed on the Hong Kong Stock Exchange.

To the Shareholders of Guangzhou R&F Properties Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 111 to 220, 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

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.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Recognition of revenue from sales of properties over time

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuations of investment properties Refer to Note 2.9 "Summary of significant accounting policies-Investment properties", Note 4 "Critical accounting estimates and judgements" and Note 9 "Investment properties" to the consolidated financial statements. Management estimated the fair value of the Group's investment properties to be RMB33,469,576,000 as at 31 December 2019, with a fair value revaluation gain of RMB1,877,477,000 for the year. Independent external valuations were obtained for all of the investment properties in order to support management's estimates. Fair values of completed investment properties were derived using the term and reversionary method or the direct comparison method, where applicable. Fair values of investment properties under construction were derived using the residual method or term and reversionary method, where applicable. We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term and reversionary yields, market rents, market prices, budgeted construction costs to be incurred and developer's profit (the "Key Assumptions I").	Our audit procedures in relation to management's valuations of investment properties included the following: • Evaluated the independent external valuer's competence, capabilities and objectivity; • Checked the underlying data of area, tenancy term and occupancy against the supporting evidence and checked the mathematical accuracy of the valuations; • Assessed the methodologies and the key assumptions used, including the Key Assumptions I with the assistance from our in-house valuation experts. We benchmarked these major parameters used in the valuations with sources which are based on our recent experience in locations and segments similar to the investment properties valued and our market research results; • Performed sensitivity analysis over the key assumptions. We found the key assumptions used in the valuation of investment properties, including the Key Assumptions I, are supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from sales of properties over time Refer to Note 4 "Critical accounting estimates and judgements" and Note 5 "Segment information" to the consolidated financial statements. Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2019, revenue of the Group from sales of properties was RMB79,689,217,000, of which RMB24,383,771,000 was recognised over time. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgement was involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the laws applicable to the contract. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for certain sales contracts. Management used judgements, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without.	To address this key audit matter, we performed audit procedures as follows: In assessing the appropriateness of management's judgements as to whether the Group has the enforceable right to payment in those sales contracts recognised over time, we have: (i) Understood and evaluated management's procedures in identifying sales contracts with or without enforceable right to payment; (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; (iii) Obtained and reviewed the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; (iv) Assessed the competence, experience and objectivity of the legal counsel engaged by management. In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have: (i) Understood, evaluated and validated the internal controls over the generation of cost data of the property unit; (ii) Assessed the reasonableness of the basis for cost allocation and checked the mathematical accuracy of the cost allocation and progress of the property unit; (iii) Assessed the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas;

Key Audit Matter	How our audit addressed the Key Audit Matter
In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.	(iv) Compared the estimated total development costs of the project and property unit to the budget approved by management; (v) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers. We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, and the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date are supportable by available evidence.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional 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.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Chiu Yin, Ivan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2020

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2019	2018
ASSETS			
Non-current assets			
Land use rights	6	**–**	9,979,114
Property, plant and equipment	7	**35,091,574**	34,896,876
Right-of-use assets	8	**10,774,952**	–
Investment properties	9	**33,469,576**	29,019,386
Intangible assets	10	**1,281,393**	1,110,022
Interests in joint ventures	12	**10,795,165**	10,265,788
Interests in associates	13	**644,329**	390,718
Deferred income tax assets	25	**10,346,768**	8,716,280
Financial assets at fair value through other comprehensive income	14	**1,042,442**	627,967
Trade and other receivables and prepayments	18	**162,469**	112,139
		103,608,668	95,118,290
Current assets			
Properties under development	16	**167,399,023**	150,197,550
Completed properties held for sale	17	**55,313,790**	41,967,903
Inventories		**969,621**	974,331
Trade and other receivables and prepayments	18	**57,729,973**	36,876,446
Contract assets	5	**963,907**	724,178
Tax prepayments		**2,905,530**	5,628,668
Restricted cash	19	**15,531,531**	14,923,681
Cash and cash equivalents	20	**22,904,275**	19,782,883
		323,717,650	271,075,640
Total assets		**427,326,318**	366,193,930
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**873,842**	805,592
Other reserves	22	**8,258,874**	4,864,287
Retained earnings		**68,225,177**	62,581,085
		77,357,893	68,250,964
Non-controlling interests		**2,441,232**	1,609,620
Total equity		**79,799,125**	69,860,584

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2019	2018
LIABILITIES			
Non-current liabilities			
Long-term borrowings	24	**134,870,694**	110,948,510
Lease liabilities	8	**132,013**	–
Deferred income tax liabilities	25	**8,221,383**	7,665,675
		143,224,090	118,614,185
Current liabilities			
Accruals and other payables	23	**83,905,870**	67,434,238
Contract liabilities	5	**38,899,448**	39,306,378
Current income tax liabilities	26	**19,159,511**	18,628,381
Short-term borrowings	24	**14,116,659**	13,788,898
Current portion of long-term borrowings	24	**48,153,395**	38,561,266
Lease liabilities	8	**68,220**	–
		204,303,103	177,719,161
Total liabilities		**347,527,193**	296,333,346
Total equity and liabilities		**427,326,318**	366,193,930

The notes on pages 118 to 220 are an integral part of these consolidated financial statements.

The financial statements on pages 111 to 220 were approved by the Board of Directors on 26 March 2020 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2019**	2018
Revenue	5	**90,813,970**	76,857,682
Cost of sales	29	**(61,041,401)**	(48,908,173)
Gross profit		**29,772,569**	27,949,509
Other income	27	**958,351**	705,975
Other gains – net	28	**1,893,779**	932,280
Selling and marketing costs	29	**(3,292,140)**	(2,556,510)
Administrative expenses	29	**(6,215,897)**	(5,634,288)
Net impairment losses on financial and contract assets		**(67,270)**	(27,201)
Gains on bargain purchase		**–**	397,226
Operating profit		**23,049,392**	21,766,991
Finance costs	31	**(5,599,527)**	(5,212,327)
Share of results of joint ventures		**611,191**	288,505
Share of results of associates		**165,208**	94,177
Profit before income tax		**18,226,264**	16,937,346
Income tax expenses	32	**(8,133,054)**	(8,208,961)
Profit for the year		**10,093,210**	8,728,385
Profit attributable to:			
– Owners of the Company		**9,672,051**	8,371,237
– Holders of perpetual capital instruments		**–**	33,433
– Non-controlling interests		**421,159**	323,715
		10,093,210	8,728,385
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	33	**3.0001**	2.5979

The notes on pages 118 to 220 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2019**	2018
Profit for the year		**10,093,210**	8,728,385
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	22	**67,003**	(71,475)
– Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	22	**–**	469,558
Items that may be reclassified to profit or loss			
– Share of other comprehensive income of joint ventures accounted for using the equity method	22	**127,874**	37,118
– Currency translation differences	22	**(45,735)**	(36,910)
Other comprehensive income for the year, net of tax		**149,142**	398,291
Total comprehensive income for the year		**10,242,352**	9,126,676
Total comprehensive income attributable to:			
– Owners of the Company		**9,821,193**	8,769,528
– Holders of perpetual capital instruments		**–**	33,433
– Non-controlling interests		**421,159**	323,715
		10,242,352	9,126,676

The notes on pages 118 to 220 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-Controlling interests	Total equity
Balance at 31 December 2017	805,592	4,566,257	56,160,504	61,532,353	2,404,327	956,974	64,893,654
Balance at 31 December 2017 as originally presented	805,592	4,566,257	56,160,504	61,532,353	2,404,327	956,974	64,893,654
Adjustment on adoption of HKFRS 9, net of tax	–	–	(177,290)	(177,290)	–	(150)	(177,440)
Adjustment on adoption of HKFRS 15, net of tax	–	–	1,863,123	1,863,123	–	29,872	1,892,995
Restated total equity at 1 January 2018	805,592	4,566,257	57,846,337	63,218,186	2,404,327	986,696	66,609,209
Comprehensive income							
Profit for the year	–	–	8,371,237	8,371,237	33,433	323,715	8,728,385
Other comprehensive income							
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(71,475)	–	(71,475)	–	–	(71,475)
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	–	469,558	–	469,558	–	–	469,558
Share of other comprehensive income of joint ventures accounted for using the equity method	–	37,118	–	37,118	–	–	37,118
Currency translation differences	–	(36,910)	–	(36,910)	–	–	(36,910)
Total other comprehensive income, net of tax	–	398,291	–	398,291	–	–	398,291
Total comprehensive income for the year	–	398,291	8,371,237	8,769,528	33,433	323,715	9,126,676
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(100,261)	133,681	33,420	–	–	33,420
Transactions with owners							
Capital contributions from non-controlling interests	–	–	–	–	–	224,350	224,350
Acquisitions of subsidiaries	–	–	–	–	–	74,859	74,859
Dividends for the year	–	–	(3,770,170)	(3,770,170)	–	–	(3,770,170)
Redemptions of perpetual capital instruments	–	–	–	–	(2,400,000)	–	(2,400,000)
Distributions to holders of perpetual capital instruments	–	–	–	–	(37,760)	–	(37,760)
Total transactions with owners	–	–	(3,770,170)	(3,770,170)	(2,437,760)	299,209	(5,908,721)
Balance at 31 December 2018	805,592	4,864,287	62,581,085	68,250,964	–	1,609,620	69,860,584

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-Controlling interests	Total equity
Balance at 1 January 2019	805,592	4,864,287	62,581,085	68,250,964	–	1,609,620	69,860,584
Comprehensive income							
Profit for the year	–	–	9,672,051	9,672,051	–	421,159	10,093,210
Other comprehensive income							
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	67,003	–	67,003	–	–	67,003
Share of other comprehensive income of joint ventures accounted for using the equity method	–	127,874	–	127,874	–	–	127,874
Currency translation differences	–	(45,735)	–	(45,735)	–	–	(45,735)
Total other comprehensive income, net of tax	–	149,142	–	149,142	–	–	149,142
Total comprehensive income for the year	–	149,142	9,672,051	9,821,193	–	421,159	10,242,352
Transactions with owners							
Placing of shares	68,250	3,246,532	–	3,314,782	–	–	3,314,782
Changes in ownership interests in subsidiaries without change of control	–	(1,087)	–	(1,087)	–	(8,873)	(9,960)
Capital contributions from non-controlling interests	–	–	–	–	–	416,310	416,310
Dividends distribution to non-controlling interests	–	–	–	–	–	(6,954)	(6,954)
Acquisitions of subsidiaries	–	–	–	–	–	9,970	9,970
Dividends for the year	–	–	(4,027,959)	(4,027,959)	–	–	(4,027,959)
Total transactions with owners	68,250	3,245,445	(4,027,959)	(714,264)	–	410,453	(303,811)
Balance at 31 December 2019	873,842	8,258,874	68,225,177	77,357,893	–	2,441,232	79,799,125

The notes on pages 118 to 220 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2019	2018
Cash flows from operating activities			
Cash (used in)/generated from operations	35(a)	**(2,160,479)**	7,895,233
Interest paid		**(13,062,100)**	(8,836,933)
Enterprise income tax and land appreciation tax paid		**(8,922,877)**	(7,675,541)
Net cash used in operating activities		**(24,145,456)**	(8,617,241)
Cash flows from investing activities			
Purchases of property, plant and equipment (2018: Purchases of property, plant and equipment and land use rights)		**(1,230,323)**	(3,444,613)
Purchases of intangible assets		**(334,094)**	(131,794)
Purchases of right-of-use assets		**(113,082)**	–
Additions of investment properties		**(676,148)**	(665,577)
Proceeds from disposals of investment properties		**5,720**	–
Proceeds from disposals of property, plant and equipment		**279**	4,764
Proceeds from disposals of intangible assets		**2,997**	98,568
Investments in financial assets at fair value through other comprehensive income, joint ventures and associates		**(498,201)**	(521,499)
Proceeds from disposal of a joint venture		**–**	66,525
Acquisitions of subsidiaries, net of cash acquired		**(1,033,754)**	(1,120,421)
Disposal of subsidiaries, net of cash		**307,942**	–
Prepayment made for potential acquisitions of subsidiaries		**–**	(68,160)
Cash receipts from the repayment of advances to related parties		**1,389,689**	4,807,202
Cash advances to related parties		**(3,980,765)**	(5,097,879)
Dividend received from a joint venture and an associate		**200,040**	3,542
Acquisition of additional equity interest in a joint venture, net of cash acquired		**–**	(17,671)
Proceeds from disposals of financial assets at fair value through other comprehensive income		**22,633**	–
Dividends received on financial assets at fair value through other comprehensive income		**8,992**	–
Interest received		**548,377**	277,571
Net cash used in investing activities		**(5,379,698)**	(5,809,442)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	35(b)	**96,000,812**	91,910,812
Repayments of borrowings	35(b)	**(63,361,200)**	(73,469,871)
Repayments of principal of lease liabilities (2018:Repayments of finance lease liabilities)	35(b)	**(181,892)**	(97,906)
Decrease in guarantee deposits for borrowings		**987,581**	2,169,882
Placing of shares		**3,317,885**	–
Redemption of perpetual capital instruments		**–**	(2,400,000)
Distributions paid to holders of perpetual capital instruments		**–**	(37,760)
Repayments to related parties		**(506,380)**	–
Purchases of non-controlling interests		**(9,960)**	–
Capital contributions from non-controlling interests		**308,310**	224,350
Dividends paid to owners of the Company and non-controlling interests		**(4,038,104)**	(3,763,622)
Net cash generated from financing activities		**32,517,052**	14,535,885
Net increase in cash and cash equivalents		**2,991,898**	109,202
Exchange gains/(losses)		**129,494**	(23,488)
Cash and cash equivalents at beginning of year		**19,782,883**	19,697,169
Cash and cash equivalents at end of year	20	**22,904,275**	19,782,883

The notes on pages 118 to 220 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

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

The preparation of financial statements in conformity with HKFRSs 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year commencing 1 January 2019.

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

The impact of the adoption of HKFRS 16 are disclosed in Note 2.2 below. The other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

The Group has elected to early adopt Amendments to HKFRS 3 – Definition of a Business for acquisitions that occur on or after 1 January 2019. As the acquisitions occurred during 2019 did not meet the definition of business neither before or after the amendments, there is no impact on the Group for the year ended 31 December 2019.

(d) New standards, amendments to existing standards and interpretation not yet adopted

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standards	Subject	Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition 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. The new accounting policies are disclosed in Note 2.33.

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 of 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 5.56%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

(i) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using 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 HKFRIC 4 Determining whether an Arrangement Contains a Lease.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (continued)

(ii) Measurement of lease liabilities

Operating lease commitments disclosed as at 31 December 2018	141,938
Discounted using the lessee's incremental borrowing rate at the date of initial application	118,373
Add: finance lease liabilities recognised as at 31 December 2018	135,216
Less: short-term and low-value leases recognised on a straight-line basis as expense	(15,914)
Lease liability recognised as at 1 January 2019	**237,675**
Of which are:	
Current lease liabilities	123,736
Non-current lease liabilities	113,939
	237,675

(iii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, 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.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

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

Land use rights – RMB9,979,114,000 reclassified to right-of-use assets

Property, plant and equipment – RMB708,732,000 reclassified to right-of-use assets

Right-of-use assets – increased by RMB10,796,679,000

Trade and other receivables and prepayments – decreased by RMB6,374,000

Long-term borrowings – decreased by RMB46,057,000

Current portion of long-term borrowings – decreased by RMB89,159,000

Lease liabilities – increased by RMB237,675,000

No significant impact on the Group's net profit after tax for the year ended 31 December 2019 as a result of adoption of HKFRS 16.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting

(a) 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).

Inter-company 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.

(b) Associates

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 (see Note2.3(d) below), after initially being recognised at cost.

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note2.3(d) below), after initially being recognised at cost in the consolidated balance sheet.

(d) Equity accounting

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 profit or loss, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (continued)

(d) Equity accounting (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 2.11.

(e) 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 Company.

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 profit or loss 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 profit or loss where appropriate.

2.4 Business combination

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (continued)

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 profit or loss as a bargain purchase.

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 profit or loss.

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 profit or loss.

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 who make strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 RMB Yuan, which is the Company's functional and 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 profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". All other foreign exchange gains and losses are presented in the income statement 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 profit or loss 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 foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

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

– Buildings	20-30 years
– Furniture, fixtures and equipment	3-5 years
– Transportation equipment	4-15 years
– Machinery	5-10 years

Buildings mainly comprise office buildings and hotel buildings.

The asset's 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 2.11).

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

Assets under construction mainly represent hotel buildings and an amusement park under construction and are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land use rights being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.9 Investment properties

Investment properties, principally office buildings, retail buildings and warehouse, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in the income statement as part of "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and subsequently carried at cost less accumulated impairment losses.

(c) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(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 five years.

(e) Football players

The Group operates a football club. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract or best estimated based on the player's physical conditions. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets

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

2.12 Investments and other financial assets

(a) 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 Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in 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 Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

(c) Measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments into the following measurement category.

- 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. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains – net". Impairment losses are presented as separate line item in the income statement. Interest income from these financial assets is included in "other income" using the effective interest rate method.

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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains – net" in the consolidated 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.

(d) Impairment

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial liabilities and equity instruments

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

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has 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 Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

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.

2.16 Land use rights

All lands in the PRC are state-owned and no individual ownership right exists. The Group acquires the rights to use certain lands and the premiums paid for such rights are recorded as land use rights before 1 January 2019.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at the lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Properties under development

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

Development cost of property comprises costs of lands and land use rights, construction costs, and capitalised finance costs incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

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

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

2.18 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.19 Inventories

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

2.20 Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 18 for further information about the Group's accounting for trade and other receivables and Note 3.1 for a description of the Group's impairment policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 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.

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

2.22 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.

2.23 Trade and other payables

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

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

2.24 Borrowings

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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.

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

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

2.26 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and 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 provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment properties that is measured at fair value is determined assuming the property will be recovered entirely through sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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. Only where 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.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.27 Employee benefits

(a) 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 and long service 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.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits (continued)

(c) Retirement benefits

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

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

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible 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 the MPF Scheme are held separately from those of the Group in independently administered funds.

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

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.28 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 can be reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition

(a) Property development

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

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

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

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

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

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

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

(b) Rental income

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

(c) Hotel operations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (continued)

(d) Others

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

2.30 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.31 Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income. Dividends are recognised as other income in profit or loss 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 fair value through other comprehensive income. However, the investment may need to be tested for impairment as a consequence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 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 of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in borrowings. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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.

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.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Leases (continued)

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

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

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.

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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.33 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.34 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the income statement as part of 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).

(All amounts in RMB Yuan 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 foreign exchange 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.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC, Malaysia, Australia, the United Kingdom and Cambodia, and is exposed to foreign exchange risk, primarily with respect to HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable HKD and USD expenditures.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below summarises the impact of changes in foreign exchange rates at 31 December 2019 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	136,497	(136,497)
Trade and other receivables	4,204	(4,204)
Accruals and other payables	(26,022)	26,022
Denominated in USD		
Cash and cash equivalents	7,247	(7,247)
Restricted cash	66,654	(66,654)
Borrowings	(1,909,797)	1,909,797

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Malaysian Ringgit ("MYR") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	**(248,050)**	**248,050**
Denominated in RMB		
Trade and other receivables	**67,891**	**(67,891)**
Denominated in HKD		
Accruals and other payables	**(20,598)**	**20,598**

	Australian Dollar ("AUD") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	**(7,151)**	**7,151**

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Great Britain Pound ("GBP") against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Accruals and other payables	**(6,004)**	**6,004**
Borrowings	**(30,637)**	**30,637**

The table below summarises the impact of changes in foreign exchange rates at 31 December 2018 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	3,452	(3,452)
Trade and other receivables	131	(131)
Accruals and other payables	(25,445)	25,445
Denominated in USD		
Cash and cash equivalents	46,870	(46,870)
Restricted cash	14,140	(14,140)
Borrowings	(1,266,527)	1,266,527

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Malaysian Ringgit ("MYR") against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	(184,288)	184,288
Borrowings	(9,330)	9,330
Denominated in RMB		
Trade and other receivables	27,560	(27,560)
Denominated in HKD		
Accruals and other payables	(20,148)	20,148

	Australian Dollar ("AUD") against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	(22,677)	22,677
Borrowings	(10,767)	10,767

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Great Britain Pound ("GBP") against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Accruals and other payables	(2,459)	2,459
Borrowings	(29,338)	29,338

The aggregate net foreign exchange losses recognised in profit or loss were RMB356,470,000 (2018: RMB1,765,481,000).

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in RMB, USD, GBP, MYR, HKD and AUD.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2019 with all other variables held at constant on the Group's post-tax profit for the year.

	Increase/(decrease) in post-tax profit for the year	
	2019	2018
Interest rate of long-term borrowings at variable rates – increase 0.25% (2018: 0.25%)	**(161,915)**	(126,261)
Interest rate of long-term borrowings at variable rates – decrease 0.25% (2018: 0.25%)	**161,915**	126,261

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

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 FVOCI.

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.

The majority of the Group's equity investments are publicly traded.

The table below summarises the impact of increases or decreases of price of the stocks, which the Group purchased, on the Group's equity as at 31 December 2019. The analysis is based on the assumption that the stock price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	Increase/(decrease) in other comprehensive income, net of tax	
	2019	2018
Price of each stock – increase 5%	**42,306**	21,285
Price of each stock – decrease 5%	**(42,306)**	(21,285)

(b) Credit risk

The extent of the Group's maximum exposure to credit risk is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets.

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.

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 forwarding-looking information.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group has one type of financial assets that is subject to HKFRS 9's expected credit loss model:

- trade and other receivables

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

Expected loss rate of current trade receivables from related parties are assessed to be 0.1%. The loss allowance provision for these balances was not material during the period.

To measure the expected credit losses, trade receivables from third parties and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables from third parties are a reasonable approximation of the expected loss rates for the contract assets.

On that basis, the loss allowance for both trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2019 and 31 December 2018 was determined as follows.

At 31 December 2019	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1.00%	5.00%	5.00%	30.00%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	11,225,140	926,685	309,451	513,623	12,974,899
Gross carrying amount – contract assets	973,643	–	–	–	973,643
Loss allowance	121,987	46,334	15,473	154,087	337,881

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

At 31 December 2018	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1.00%	5.00%	5.00%	30.00%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	9,380,052	741,720	267,232	431,419	10,820,423
Gross carrying amount – contract assets	731,493	–	–	–	731,493
Loss allowance	101,115	37,086	13,362	129,426	280,989

The closing loss allowance for trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2019 reconcile to the opening loss allowance as follows:

	Trade receivables		Contract assets	
	2019	2018	**2019**	2018
Opening loss allowance as at 1 January	**273,674**	252,508	**7,315**	15,297
Provision for/(Reversal of) loss allowance recognised in profit or loss during the year	**54,471**	21,166	**2,421**	(7,982)
Closing loss allowance as at 31 December	**328,145**	273,674	**9,736**	7,315

(ii) Other receivables

As at 31 December 2019, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognised during the period.

The closing loss allowance for other receivables (excluding amounts due from related parties) as at 31 December 2019 reconcile to the opening loss allowance as follows:

	2019	2018
Opening loss allowance as at 1 January	**103,002**	88,985
Provision for loss allowance recognised in profit or loss during the year	**10,378**	14,017
Closing loss allowance as at 31 December	**113,380**	103,002

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Other receivables* (Continued)

Management considered other receivables from third parties to be low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For the year ended 31 December 2019, the provision for loss allowances were recognised in profit or loss in "net impairment losses on financial and contract assets" in relation to the impaired other receivables.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment 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 controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2019					
Borrowings (Note (1))	75,372,331	57,348,805	77,349,707	27,755,665	237,826,508
Lease liabilities	77,391	45,908	60,242	47,357	230,898
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	43,312,395	–	–	–	43,312,395
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	85,042,299	–	–	–	85,042,299
Guarantees in respect of borrowings of joint ventures and associates	2,946,792	1,636,436	116,368	–	4,699,596

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2018					
Borrowings (excluding finance lease liabilities (Note (1))	60,868,094	40,300,493	55,971,544	38,173,366	195,313,497
Finance lease liabilities	94,011	46,583	331	–	140,925
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	32,535,984	–	–	–	32,535,984
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	68,163,184	–	–	–	68,163,184
Guarantees in respect of borrowings of joint ventures and associates	2,180,731	1,535,863	1,565,515	1,448,480	6,730,589

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2019 and 2018 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2019 and 2018 respectively.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management (continued)

The gearing ratios at 31 December 2019 and 2018 are as follows:

	2019	2018
Total borrowings	**197,140,748**	163,298,674
Less: cash and cash equivalents	**(22,904,275)**	(19,782,883)
restricted cash	**(15,531,531)**	(14,923,681)
Net debt	**158,704,942**	128,592,110
Total equity	**79,799,125**	69,860,584
Gearing ratio	**198.9%**	184.1%

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market 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 which maximise the use of observable market data 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.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2019 and 2018 by level of the inputs to valuation techniques used to measure fair value.

	Financial assets at FVOCI	
	2019	2018
Level 1	**935,996**	499,777
Level 3 (Note (a))	**106,446**	128,190
	1,042,442	627,967

See Note 9 for disclosures of the investment properties that are measured at fair value.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2019 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value change on the equity investments was included in "other comprehensive income".

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of the financial assets at FVOCI would have been lowered by RMB5,446,200 (2018: RMB6,190,000).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Enterprise income taxes

The Group is subject to enterprise income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(b) PRC 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 sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Land appreciation taxes (continued)

The Group is subject to land appreciation taxes in the PRC which has been included in the income tax expenses of the Group. However, the implementation of these taxes varies amongst various cities in the PRC and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognised these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

(d) 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 operations are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of carrying amounts of properties under development and completed properties held for sale is assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operations 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, no impairment was provided for properties under development, completed properties held for sale or long-term assets held for hotel operations (2018: Nil).

(e) Revenue recognition for property development activities

Revenue from sales of properties in the PRC is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. In assessing whether the Group has an enforceable right to payment for its sale contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgments, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgments on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Revenue recognition for property development activities (continued)

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group allocates common costs based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

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

The loss allowances for trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2019 and the segment assets and liabilities at 31 December 2019 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	79,689,217	1,380,436	7,095,478	5,160,702	93,325,833
Recognised at a point in time	55,305,446	–	–	–	55,305,446
Recognised over time	24,383,771	–	7,095,478	5,160,702	36,639,951
Revenue from other sources – rental income	–	1,380,436	–	–	1,380,436
Inter-segment revenue	–	(167,317)	(73,026)	(2,271,520)	(2,511,863)
Revenue from external customers	79,689,217	1,213,119	7,022,452	2,889,182	90,813,970
Profit/(loss) for the year	9,953,226	1,923,303	(1,007,596)	(775,723)	10,093,210
Finance costs	(4,501,247)	(244,227)	(843,834)	(10,219)	(5,599,527)
Share of results of joint ventures	611,829	–	–	(638)	611,191
Share of results of associates	166,545	–	–	(1,337)	165,208
Income tax (expenses)/credits	(7,682,199)	(639,999)	(47,110)	236,254	(8,133,054)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(344,194)	–	(1,513,947)	(146,992)	(2,005,133)
Amortisation of incremental costs for obtaining contracts with customers	(455,788)	–	–	–	(455,788)
Allowance for impairment losses of financial and contract assets	(60,988)	–	(6,039)	(243)	(67,270)
Fair value gains on investment properties – net of tax	–	489,487	–	–	489,487
Revaluation gains on investment properties transferred from properties under development – net of tax	–	927,358	–	–	927,358
Segment assets	336,074,309	33,469,576	41,326,815	5,066,408	415,937,108
Segment assets include:					
Interests in joint ventures	10,790,634	–	–	4,531	10,795,165
Interests in associates	559,409	–	–	84,920	644,329
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,010,208	604,535	1,016,462	532,268	3,163,473
Segment liabilities	118,777,992	–	1,684,789	2,542,770	123,005,551

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2018 and the segment assets and liabilities at 31 December 2018 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	66,388,492	1,278,312	7,085,752	3,507,208	78,259,764
Recognised at a point in time	40,302,408	–	–	–	40,302,408
Recognised over time	26,086,084	–	7,085,752	3,507,208	36,679,044
Revenue from other sources – rental income	–	1,278,312	–	–	1,278,312
Inter-segment revenue	–	(176,998)	(58,000)	(1,167,084)	(1,402,082)
Revenue from external customers	66,388,492	1,101,314	7,027,752	2,340,124	76,857,682
Profit/(loss) for the year	8,989,515	1,074,803	(459,191)	(876,742)	8,728,385
Finance costs	(4,192,421)	(229,142)	(780,960)	(9,804)	(5,212,327)
Share of results of joint ventures	288,572	–	–	(67)	288,505
Share of results of associates	95,557	–	–	(1,380)	94,177
Income tax (expenses)/credits	(8,390,377)	(356,721)	273,760	264,377	(8,208,961)
Gains on bargain purchase	35,136	–	362,090	–	397,226
Depreciation and amortisation of property, plant and equipment, intangible assets and land use rights	(191,290)	–	(1,565,426)	(78,241)	(1,834,957)
Amortisation of incremental costs for obtaining contracts with customers	(396,895)	–	–	–	(396,895)
Allowance for impairment losses of financial and contract assets – net of tax	(20,252)	–	(2,286)	(4,663)	(27,201)
Fair value gains on investment properties – net of tax	–	548,670	–	–	548,670
Segment assets	287,460,311	29,019,386	38,397,821	1,972,165	356,849,683
Segment assets include:					
Interests in joint ventures	10,265,355	–	–	433	10,265,788
Interests in associates	309,463	–	–	81,255	390,718
Addition to non-current assets (other than financial instruments and deferred income tax assets)	795,855	795,946	4,014,607	132,291	5,738,699
Segment liabilities	103,474,321	–	1,653,327	1,612,968	106,740,616

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

Revenue from external customers broken down by location of the customer is shown in the table below:

	2019	2018
PRC	88,336,136	74,484,569
Other countries	2,477,834	2,373,113
Total	**90,813,970**	76,857,682

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2019 (2018: Nil).

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets and financial assets at FVOCI are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	2019	2018
Segment assets for reportable segments	415,937,108	356,849,683
Deferred income tax assets	10,346,768	8,716,280
Financial assets at FVOCI	1,042,442	627,967
Total assets per balance sheet	**427,326,318**	366,193,930

Non-current assets, other than financial assets at FVOCI and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2019	2018
PRC	89,887,026	85,749,537
Other countries	2,332,432	24,506
Total	**92,219,458**	85,774,043

Non-current assets in the individual countries included in "other countries" are not material.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2019	2018
Segment liabilities for reportable segments	**123,005,551**	106,740,616
Deferred income tax liabilities	**8,221,383**	7,665,675
Current income tax liabilities	**19,159,511**	18,628,381
Short-term borrowings and current portion of long-term borrowings	**62,270,054**	52,350,164
Long-term borrowings	**134,870,694**	110,948,510
Total liabilities per balance sheet	**347,527,193**	296,333,346

(e) Changes in accounting policy

The adoption of the new leasing standard described in Note 2.2 had the following impact on the segment disclosures in the current year.

	Increase/ (decrease) in profit for the year	**Increase in segment assets**	**Increase in segment liabilities**
Property development	**3,161**	**115,649**	**66,403**
Hotel operations	**366**	**11,638**	**3,288**
All other segments	**(435)**	**75,305**	**62,008**
	3,092	**202,592**	**131,699**

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items noted above is not entirely comparable to the information disclosed for the prior year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(f) Assets and liabilities related to contracts with customers

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

	2019	2018
Contract assets	**973,643**	731,493
Loss allowance (Note 3.1(b))	**(9,736)**	(7,315)
Total contract assets	**963,907**	724,178
Capitalised costs to obtain contracts	**975,054**	620,190
Contract liabilities – property development and sales contracts	**38,222,266**	38,345,902
Contract liabilities – hotel operations and other contracts	**677,182**	960,476
Total contract liabilities	**38,899,448**	39,306,378

The Group also recognised a loss allowance for contract assets following the adoption of HKFRS 9, see Note 3.1(b) for further information.

(i) 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.

	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property development and sales contracts	**12,972,335**	9,355,880
Hotel operations and other contracts	**960,475**	606,132

(ii) Unsatisfied performance obligation

For sales of properties, the Group recognises revenue 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. 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, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS 15.

For hotel operation services, they are rendered in a short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services contracts do not have a fixed term.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(f) Assets and liabilities related to contracts with customers (continued)

(iii) Assets recognised from costs to obtain a contract

In addition to the contract assets and liabilities balances disclosed above, the Group has also recognised an asset in relation to costs to obtain a contract. This is presented within trade and other receivables and prepayments in the balance sheet.

	2019	2018
Capitalised costs to obtain contracts at 31 December	**975,054**	620,190
Amortisation recognised as cost of providing services during the year	**(455,788)**	(396,895)

On adoption of HKFRS 15, the Group recognised an asset in relation to stamp duty, sales commissions and other costs directly attributable to obtaining a contract. The asset is amortised in a pattern consistent with the recognition of the associated revenue.

6. LAND USE RIGHTS

As at 31 December 2018, the Group's prepaid operating lease payments to obtain rights to use land were presented in land use rights. The net book values are analysed as follows:

	2019	2018
At 1 January	**9,979,114**	9,173,164
Adjustments on adoption of HKFRS 16	**(9,979,114)**	–
Restated at 1 January	**–**	9,173,164
Additions	**–**	570,921
Acquisitions of subsidiaries	**–**	239,011
Transfer from properties under development	**–**	669,213
Transfer to investment properties	**–**	(344,378)
Amortisation of prepaid operating lease payments	**–**	(328,817)
At 31 December	**–**	9,979,114

From 2019, land use rights are presented as right-of-use assets in the balance sheet (Note 8). Please refer to Note 2.2 for details about the changes in accounting policy.

Land use rights are amortised in the following categories:

	2019	2018
Selling and administrative expenses	**–**	5,676
Cost of sales	**–**	240,035
Capitalised in property, plant and equipment	**–**	83,106
	–	328,817

Borrowings were secured on land use rights for the carrying amount of RMB1,419,150,000 as at 31 December 2018.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings			Transportation equipment				
	Office and others	Hotel	Furniture, fixtures and equipment	Asset acquired under finance lease	Others	Machinery	Assets under construction	Total
At 1 January 2018								
Cost	2,473,977	33,071,808	1,597,025	955,311	600,664	524,135	2,346,032	41,568,952
Accumulated depreciation	(429,723)	(4,794,319)	(1,125,274)	(186,864)	(464,082)	(334,597)	–	(7,334,859)
Net book amount	2,044,254	28,277,489	471,751	768,447	136,582	189,538	2,346,032	34,234,093
Year ended 31 December 2018								
Opening net book amount	2,044,254	28,277,489	471,751	768,447	136,582	189,538	2,346,032	34,234,093
Additions	50,515	–	174,451	–	62,173	175,169	2,505,739	2,968,047
Acquisitions of subsidiaries	250,088	772,884	5,606	–	1,532	134	478	1,030,722
Transfer to properties under development	–	(129,841)	–	–	–	–	–	(129,841)
Transfer to investment properties	(988,765)	–	–	–	–	–	(702,643)	(1,691,408)
Assets under construction transferred to buildings	7,707	447,543	–	–	–	–	(455,250)	–
Disposals	(9,994)	–	(2,513)	–	(1,497)	(1,789)	–	(15,793)
Depreciation	(74,434)	(1,091,739)	(183,691)	(59,715)	(45,181)	(43,663)	–	(1,498,423)
Exchange differences	–	–	(638)	–	117	–	–	(521)
Closing net book amount	1,279,371	28,276,336	464,966	708,732	153,726	319,389	3,694,356	34,896,876
At 31 December 2018								
Cost	1,617,089	34,209,618	1,771,044	955,311	658,519	680,944	3,694,356	43,586,881
Accumulated depreciation	(337,718)	(5,933,282)	(1,306,078)	(246,579)	(504,793)	(361,555)	–	(8,690,005)
Net book amount	1,279,371	28,276,336	464,966	708,732	153,726	319,389	3,694,356	34,896,876
Year ended 31 December 2019								
Opening net book amount as originally presented	1,279,371	28,276,336	464,966	708,732	153,726	319,389	3,694,356	34,896,876
Adjustment on adoption of HKFRS 16	–	–	–	(708,732)	–	–	–	(708,732)
Restated opening net book amount	1,279,371	28,276,336	464,966	–	153,726	319,389	3,694,356	34,188,144
Additions	10,721	3,520	184,798	–	19,424	106,808	1,513,144	1,838,415
Acquisitions of subsidiaries	–	–	740	–	–	–	211,787	212,527
Disposals of subsidiaries	–	–	(224)	–	–	–	–	(224)
Transfer from properties under development	308,767	–	–	–	–	–	–	308,767
Assets under construction transferred to buildings	88,015	325,215	–	–	–	223,635	(636,865)	–
Disposals	(37)	–	(2,903)	–	(516)	(411)	–	(3,867)
Depreciation	(49,579)	(1,111,091)	(180,312)	–	(50,123)	(61,626)	–	(1,452,731)
Exchange differences	–	–	473	–	70	–	–	543
Closing net book amount	1,637,258	27,493,980	467,538	–	122,581	587,795	4,782,422	35,091,574
At 31 December 2019								
Cost	2,024,531	34,538,353	1,948,240	–	664,094	995,375	4,782,422	44,953,015
Accumulated depreciation	(387,273)	(7,044,373)	(1,480,702)	–	(541,513)	(407,580)	–	(9,861,441)
Net book amount	1,637,258	27,493,980	467,538	–	122,581	587,795	4,782,422	35,091,574

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense has been charged in the following categories:

	2019	2018
Selling and administrative expenses	182,780	223,058
Cost of sales	1,269,951	1,275,365
	1,452,731	1,498,423

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2019, borrowing costs capitalised in assets under construction amounted to RMB290,536,000 (2018: RMB105,123,000). Borrowing costs were capitalised at the weighted average rate of 4.53% for the year ended 31 December 2019 (2018: 6.39%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB27,477,883,000 (2018: RMB28,102,399,000).

8. LEASES

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

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019	1 January 2019
Right-of-use assets		
Land use rights and buildings	10,130,494	10,087,947
Transportation equipment	644,458	708,732
	10,774,952	10,796,679
Lease liabilities		
Current	68,220	123,736
Non-current	132,013	113,939
	200,233	237,675

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as “finance leases” under HKAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group’s borrowings. For adjustments recognised on adoption of HKFRS 16 on 1 January 2019, please refer to Note 2.2.

Additions to the right-of-use assets during the 2019 financial year were RMB173,886,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

8. LEASES (Continued)

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2019	2018
Depreciation charge of right-of-use assets		
Land use rights and buildings	**385,784**	–
Transportation equipment	**64,347**	–
	450,131	–
Less: capitalised in assets under construction	**(56,490)**	–
	393,641	–
Interest expense (included in finance cost)	**16,538**	–
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	**33,336**	–

The total cash outflow for leases in 2019 was RMB241,622,000.

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

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 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 the airplanes and those with land use rights certificate.

9. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction**	**Total**
Year ended 31 December 2018			
Opening balance at 1 January	24,814,323	–	24,814,323
Additions	–	665,577	665,577
Acquisitions of subsidiaries	–	130,369	130,369
Transfer from property, plant and equipment and land use rights	1,060,870	974,916	2,035,786
Transfer from investment properties under construction to completed investment properties	567,942	(567,942)	–
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights	251	643,068	643,319
Fair value revaluation gains – net	658,927	71,085	730,012
Closing balance at 31 December	27,102,313	1,917,073	29,019,386
Year ended 31 December 2019			
Opening balance at 1 January	**27,102,313**	**1,917,073**	**29,019,386**
Additions	**55,686**	**548,849**	**604,535**
Disposals	**(11,084)**	**–**	**(11,084)**
Transfer from investment properties under construction to completed investment properties	**50,944**	**(50,944)**	**–**
Transfer from properties under development	**1,894,211**	**85,051**	**1,979,262**
Revaluation gains on investment properties transferred from properties under development	**1,226,367**	**–**	**1,226,367**
Fair value revaluation gains – net	**388,245**	**262,865**	**651,110**
Closing balance at 31 December	**30,706,682**	**2,762,894**	**33,469,576**

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(a) Amount recognised in the consolidated income statement for investment properties

	2019	2018
Rental income	**1,213,119**	1,101,314
Direct operating expenses from investment properties that generate rental income	**(149,789)**	(128,778)
Direct operating expenses that did not generate rental income	**(97,557)**	(93,403)
Revaluation gains and fair value gains recognised in "other gains – net"	**1,877,477**	730,012

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2019 and 2018. The fair value gains or losses are included in "other gains – net" in the income statement.

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 valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2019 and 2018 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers 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 reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussion with the independent valuers.

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

9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office, retail buildings and warehouse, the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

For carparks, the valuations are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square metre.

For retail buildings under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

For warehouse under construction, the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield, the estimation in market price and deducting development costs and developer's profit.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (continued)

Description		Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,452,707	Term and reversionary method	Term yields	6.25%-6.50%	The higher the term yields, the lower the fair value
				Reversionary yields	6.25%-6.50%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	25,529-68,087	The higher the market price, the higher the fair value
	Retail	17,700,438	Term and reversionary method	Term yields	5.50%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	5.50%-7.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	5,375-114,368	The higher the market price, the higher the fair value
	Carpark	760,395	Direct comparison method	Market price (RMB/square metre)	3,695-11,694	The higher the market price, the higher the fair value
	Warehouse	1,793,143	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	1,001-3,700	The higher the market price, the higher the fair value
Investment properties under construction	Retail	934,464	Residual method	Market price (RMB/square metre)	19,954-63,435	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	9,885-18,922	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	6,100-22,202	The higher the developer's profit, the lower the fair value
	Warehouse	1,828,429	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	1,001-3,700	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	809	The higher the budgeted construction costs to incurred, the lower the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (continued)

Description		Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	9,516,684	Term and reversionary method	Term yields	6.25%-6.50%	The higher the term yields, the lower the fair value
				Reversionary yields	6.25%-6.50%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	41,900-68,087	The higher the market price, the higher the fair value
	Retail	15,071,238	Term and reversionary method	Term yields	5.50%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	5.50%-7.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	6,000-114,368	The higher the market price, the higher the fair value
	Carpark	772,193	Direct comparison method	Market price (RMB/square metre)	3,694-11,137	The higher the market price, the higher the fair value
	Warehouse	1,742,198	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	911-3,040	The higher the market price, the higher the fair value
Investment properties under construction	Retail	538,242	Residual method	Market price (RMB/square metre)	19,351-62,845	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	9,854-17,975	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	5,819-26,975	The higher the developer's profit, the lower the fair value
	Warehouse	1,378,831	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	911-3,040	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	847	The higher the budgeted construction costs to incurred, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB19,114,336,000 (2018: RMB14,581,099,000).

(g) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to Note 37.

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2018					
Cost	506,733	282,000	322,000	651,384	1,762,117
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(325,860)	(650,843)
Net book amount	503,750	282,000	–	325,524	1,111,274
Year ended 31 December 2018					
Opening net book amount	503,750	282,000	–	325,524	1,111,274
Additions	–	–	–	131,794	131,794
Acquisitions of subsidiaries	–	–	–	2,258	2,258
Amortisation charge	–	–	–	(90,823)	(90,823)
Disposals	–	–	–	(44,481)	(44,481)
Closing net book amount	503,750	282,000	–	324,272	1,110,022
At 31 December 2018					
Cost	506,733	282,000	322,000	717,849	1,828,582
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(393,577)	(718,560)
Net book amount	503,750	282,000	–	324,272	1,110,022
Year ended 31 December 2019					
Opening net book amount	**503,750**	**282,000**	**–**	**324,272**	**1,110,022**
Additions	**–**	**–**	**–**	**334,110**	**334,110**
Amortisation charge	**–**	**–**	**–**	**(158,761)**	**(158,761)**
Disposals	**–**	**–**	**–**	**(3,978)**	**(3,978)**
Closing net book amount	**503,750**	**282,000**	**–**	**495,643**	**1,281,393**
At 31 December 2019					
Cost	**506,733**	**282,000**	**322,000**	**1,001,746**	**2,112,479**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(506,103)**	**(831,086)**
Net book amount	**503,750**	**282,000**	**–**	**495,643**	**1,281,393**

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised in the following categories:

	2019	2018
Selling and administrative expenses	28,919	21,708
Cost of sales	129,842	69,115
	158,761	90,823

(a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2019 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2019 and 2018 are as follows:

	2019	2018
Gross margin	7%	8%
Growth rate for the five-year period	3%-5%	3%-5%
Terminal growth rate	3%	3%
Pre-tax discount rate	10.91%	10.96%

Management determined budgeted gross margin and weighted average growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(b) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2019 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2019 and 2018 are as follows:

	2019	2018
Royalty rate	1%	1%
Growth rate for the five-year period	3%-5%	3%-5%
Terminal growth rate	3%	3%
Pre-tax discount rate	11.99%	11.25%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2019:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:							
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of office buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州市華維裝飾材料有限公司	2 April 2004	Limited liability company	RMB500,000	100%	–	–	Property investment in the PRC
廣州市貴麗實業發展有限公司	30 June 2000	Limited liability company	RMB20,500,000	–	80%	20%	Property development in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC
珠海保税區蔡氏倉儲發展有限公司	20 March 2003	Limited liability company	RMB81,100,000	–	75%	25%	Property development in the PRC
江門博富置業發展有限公司	17 December 2014	Limited liability company	RMB30,000,000	–	90%	10%	Property development in the PRC
梅州富力房地產開發有限公司	1 July 2013	Limited liability company	RMB550,000,000	99%	1%	–	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
莆田富力房地產開發有限公司	12 August 2015	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
南昌富力盈盛置業有限公司	22 December 2016	Sino-foreign joint venture with limited company	USD124,780,000	–	100%	–	Property development in the PRC
南昌富力超盛置業有限公司	29 June 2017	Sino-foreign joint venture with limited company	USD80,000,000	–	100%	–	Property development in the PRC
贛州市富輝房地產開發有限責任公司	31 August 2018	Limited liability company	RMB853,790,000	100%	–	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
上海啟富房地產開發有限公司	21 December 2017	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Wholly foreign-owned enterprise with limited liability	USD10,000,000	–	100%	–	Property development in the PRC
杭州聯富房地產開發有限公司	19 December 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
湖州富力房地產開發有限公司	23 January 2015	Limited liability company	RMB250,000,000	–	100%	–	Property development in the PRC
寧波極富房地產開發有限公司	12 August 2016	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
溫州富力房地產開發有限公司	17 April 2017	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
浙江富力房地產開發有限公司	8 January 2018	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
阜陽極富房地產開發有限公司	26 July 2017	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Wholly foreign-owned enterprise with limited liability	USD300,000,000	–	100%	–	Property development in the PRC
南通富力房地產開發有限公司	18 November 2016	Wholly foreign- owned enterprise with limited liability	USD80,000,000	–	100%	–	Property development in the PRC
無錫富力通達房地產開發有限公司	6 December 2016	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
唐山富力房地產開發有限公司	10 April 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
淄博萬達廣場置業有限公司	27 September 2017	Limited liability company	RMB60,000,000	–	100%	–	Property development in the PRC
石家莊富力房地產開發有限公司	26 December 2013	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
秦皇島富力城房地產開發有限公司	23 December 2016	Limited liability company	RMB50,000,000	–	91.6%	8.4%	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
大同富力城房地產開發有限公司	17 November 2011	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	6 September 2016	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB2,180,000,000	95%	5%	–	Property development in the PRC
太原富力盛達房地產開發有限公司	9 February 2017	Limited liability company	RMB1,100,000,000	–	100%	–	Property development in the PRC
太原富力通達房地產開發有限公司	13 April 2017	Limited liability company	RMB1,300,000,000	–	100%	–	Property development in the PRC
呼和浩特富力房地產開發有限公司	11 July 2016	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
呼和浩特富力通達房地產開發有限公司	18 May 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
包頭市富潤房地產開發有限公司	28 February 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	–	Property management in the PRC
廣州兆晞投資有限公司	5 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in the PRC
廣州富力國際空港綜合物流園有限公司	11 June 2007	Limited liability company	RMB10,000,000	95%	5%	–	Property investment in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in Hong Kong

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Value Success Investments Limited	1 September 2006	Limited liability company	USD10,000	–	100%	–	Investment holding in BVI
Big Will Investments Limited ("Big Will")	2 November 2007	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Caifu Holdings Limited ("Caifu")	2 January 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Trillion Chance Limited ("Trillion Chance")	31 October 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Easy Tactic Limited ("Easy Tactic")	16 October 2013	Limited liability company	USD2	–	100%	–	Investment holding in BVI
Elegant Bloom Limited	22 May 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Idea Shine Limited	30 October 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Subsidiaries – incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	GBP1	–	100%	–	Investment holding in UK
R&F Properties QS (UK) Co., Ltd.	6 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties QS (UK) Development Co., Ltd.	6 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties VS (UK) Co., Ltd.	30 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Homes Limited	2 May 2013	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Square (Nominee 1) Limited	8 February 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F One (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK
R&F One Nine Elms (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	Korea Won ("KRW") 1,000,000,000	–	100%	–	Property development in Korea
Tian Li Korea Construction Co., Ltd.	24 May 2017	Limited liability company	KRW2,800,000,000	–	100%	–	Construction company in Korea
Tian Li Korea Interior Co., Ltd.	10 April 2019	Limited liability company	KRW1,000,000,000	–	100%	–	Construction company in Korea
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	7 November 2013	Limited liability company	MYR500,000	–	100%	–	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	–	100%	–	Property development in Malaysia
Tian Li Property Management SDN BHD	27 July 2014	Limited liability company	MYR500,000	–	100%	–	Property management in Malaysia
Tian Li Property Construction SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Construction company in Malaysia
Marina Opera House Management SDN BHD	4 July 2019	Limited liability company	MYR1,000,000	–	100%	–	Opera house management company in Malaysia
Subsidiaries – incorporated in Australia:							
R&F Property Pty Ltd	5 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Estate Pty Ltd	7 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Development Holdings Pty Ltd.	30 May 2014	Limited liability company	AUD1	–	100%	–	Investment holdings in Australia
Etone Australia Holdings Pty Ltd	8 November 2016	Limited liability company	AUD100	–	100%	–	Investment holdings in Australia
Etone Australia Developments Pty Ltd	9 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
Etone Australia Project Management Pty Ltd	9 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Realty Pty Ltd	20 June 2014	Limited liability company	AUD100	–	100%	–	Property Management in Australia

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
R&F Property Australia Pty Ltd	30 October 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Golden Property Pty Ltd	14 July 2014	Limited liability company	AUD90	–	100%	–	Property development in Australia
R&F Golden Realty Pty Ltd	26 August 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
Subsidiaries – incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	Singapore Dollar ("SGD")1	–	100%	–	Marketing development in Singapore
Subsidiaries – incorporated in Cambodia:							
R&F Properties (Cambodia) Co., Ltd.	21 June 2017	Limited liability company	Cambodia Riel ("KHR") 400,000,000	–	100%	–	Property development in Cambodia
R&F Properties MNV (Cambodia) Co., Ltd.	6 July 2017	Limited liability company	KHR2,000,000,000	–	49%	51%	Property development in Cambodia
R&F Properties HS (Cambodia) Co., Ltd.	6 July 2017	Limited liability company	KHR2,000,000,000	–	49%	51%	Property development in Cambodia
R&F Properties Management (Cambodia) Co., Ltd.	9 August 2018	Limited liability company	KHR20,000,000	–	100%	–	Property management in Cambodia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the revenue and total assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2019 were RMB2,441,232,000 (2018: RMB1,609,620,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2019	2018
At 1 January	**10,265,788**	7,395,522
Additions	**29,736**	2,776,223
Disposal	**–**	(11,538)
Share of results	**622,048**	278,408
Dividends declared by a joint venture	**(200,040)**	(200,040)
Share of other comprehensive income	**127,874**	37,118
Elimination of unrealised profits	**(50,241)**	(9,905)
At 31 December	**10,795,165**	10,265,788

(a) As at 31 December 2019, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of gains from continuing operations for the year ended 31 December 2019 was RMB611,191,000, of which share of loss of RMB10,857,000 was recognised against receivables due from certain joint ventures.

(b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(c) There are no contingent liabilities relating to the Group's interests in the joint ventures.

13. INTERESTS IN ASSOCIATES

	2019	2018
At 1 January	**390,718**	229,515
Addition	**104,504**	91,064
Acquisition of additional equity interests in an associate	**–**	(4,004)
Share of results	**165,014**	95,353
Elimination of unrealised profits	**(15,907)**	(17,668)
Dividends received from an associate	**–**	(3,542)
At 31 December	**644,329**	390,718

(a) As at 31 December 2019, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of gains from continuing operations for the year ended 31 December 2019 was RMB165,208,000, of which share of loss of RMB194,000 was recognised against receivables due from certain associates. The unrecognised share of losses of associates amounted to RMB4,330,000 for the year ended 31 December 2019 (2018: nil).

(b) There are no contingent liabilities relating to the Group's interest in the associates.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
At 1 January	627,967	527,650
Additions	354,083	495,437
Disposals	(22,633)	(298,000)
Fair value gains/(losses) recognised as other comprehensive income	83,025	(97,120)
At 31 December	1,042,442	627,967

(a) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI of the Group comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2019	2018
Listed securities:		
– Listed equity investments	935,996	499,777
Unlisted securities:		
– Unlisted private funds	106,446	128,190
	1,042,442	627,967

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

(b) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income:

	2019	2018
Gains/(losses) recognised in other comprehensive income	83,025	(97,120)
Dividends from equity investments held at FVOCI recognised in profit or loss in other income	8,992	–

(c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Financial assets at FVOCI as at 31 December 2018 and 31 December 2019 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2019	2018
Financial assets at amortised cost –		
Trade and other receivables excluding prepayments	**46,939,622**	32,537,937
Restricted cash	**15,531,531**	14,923,681
Cash and cash equivalents	**22,904,275**	19,782,883
	85,375,428	67,244,501
Financial assets at fair value –		
Financial assets at FVOCI	**1,042,442**	627,967
	86,417,870	67,872,468

	2019	2018
Financial liabilities at amortised cost –		
Borrowings	**197,140,748**	163,298,674
Trade and other payables excluding non-financial liabilities	**43,312,395**	32,535,984
Lease liabilities	**200,233**	–
	240,653,376	195,834,658

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. PROPERTIES UNDER DEVELOPMENT

	2019	2018
Amount comprises:		
Lands and land use rights	**102,285,112**	100,261,476
Construction costs and capitalised expenditures	**51,881,009**	40,397,172
Finance costs capitalised	**13,232,902**	9,538,902
	167,399,023	150,197,550

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 6.25% for 2019 (2018: 5.63%).

As at 31 December 2019, properties under development of RMB70,921,134,000 (2018: RMB49,960,358,000) were pledged as collateral for the Group's borrowings.

17. COMPLETED PROPERTIES HELD FOR SALE

	2019	2018
Amount comprises:		
Lands and land use rights	**13,529,246**	9,891,779
Construction costs and capitalised expenditures	**37,418,523**	28,307,422
Finance costs capitalised	**4,366,021**	3,768,702
	55,313,790	41,967,903

As at 31 December 2019, completed properties held for sale of RMB6,396,534,000 (2018: RMB3,596,408,000) were pledged as collateral for the Group's borrowings.

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
Trade receivables – net (Note (a))	**12,770,597**	10,609,336
Other receivables – net (Note (b))	**26,000,869**	16,349,148
Prepayments (Note (d))	**9,977,766**	3,830,458
Capitalised costs to obtain contracts	**975,054**	620,190
Due from joint ventures (Note 38(xvii))	**4,813,263**	4,796,129
Due from associates (Note 38(xvii))	**3,347,806**	783,324
Due from entities controlled by same common shareholders	**7,087**	–
Total	**57,892,442**	36,988,585
Less: non-current portion	**(162,469)**	(112,139)
Current portion	**57,729,973**	36,876,446

The carrying amounts of trade and other receivables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables

	2019	2018
Trade receivables-current portion		
– Due from third parties	**12,974,899**	10,820,423
– Due from joint ventures (Note 38(xvii))	**123,795**	62,587
– Due from an associate (Note 38(xvii))	**25**	–
– Due from entities controlled by same common shareholders (Note 38(xvii))	**23**	–
	13,098,742	10,883,010
Less: loss allowance	**(328,145)**	(273,674)
	12,770,597	10,609,336

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2019	2018
Up to 1 year	**11,348,983**	9,442,639
1 year to 2 years	**926,685**	741,720
2 years to 3 years	**309,451**	267,232
Over 3 years	**513,623**	431,419
	13,098,742	10,883,010

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The loss allowance increased by RMB54,471,000 to RMB328,145,000 (2018: increased by RMB21,166,000 to RMB273,674,000) for trade receivables and increased by RMB2,421,000 to RMB9,736,000 (2018: decreased by RMB7,982,000 to RMB7,315,000) for contract assets during the current reporting period. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables

Other receivables mainly represented deposits for acquisitions of land use rights and subsidiaries, and other deposits and receivables for normal business activities.

Other receivables are analysed as below:

	2019	2018
Fully performing under normal business	**26,000,869**	16,349,148
Non-performing and impaired	**113,380**	103,002
Other receivables	**26,114,249**	16,452,150
Less: loss allowance	**(113,380)**	(103,002)
Other receivables – net	**26,000,869**	16,349,148

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(d) Prepayments are mainly for acquisitions of land use rights and purchases of construction materials.

(e) The carrying amounts of the Group's trade and other receivables (excluding prepayment), including amounts due from joint ventures and associates, are denominated in the following currencies:

	2019	2018
– RMB	**45,400,075**	30,795,564
– MYR	**638,616**	1,190,854
– KRW	**343,952**	30,054
– AUD	**308,276**	296,637
– GBP	**148,250**	60,728
– HKD	**84,073**	2,629
– USD	**16,299**	161,438
– SGD	**81**	33
	46,939,622	32,537,937

19. RESTRICTED CASH

	2019	2018
Guarantee deposits for construction of pre-sold properties (Note (a))	**9,606,277**	8,753,633
Guarantee deposits for borrowings (Note (b))	**3,375,432**	4,119,875
Guarantee deposits for interest of senior notes (Note (c))	**1,327,716**	264,019
Guarantee deposits for salary payments for construction workers (Note (d))	**375,077**	406,365
Guarantee deposits for construction payables (Note (e))	**290,557**	313,064
Others	**556,472**	1,066,725
	15,531,531	14,923,681

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH (Continued)

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) In accordance with relevant government documents, certain companies of the Group are required to place at a designated bank account certain cash deposits as security for salary payments for construction workers. Such guarantee deposits will only be released after completion of the construction of relevant properties.

(e) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(f) Restricted cash is denominated in the following currencies:

	2019	2018
– RMB	**13,979,761**	14,472,673
– USD	**1,334,878**	397,971
– AUD	**186,607**	16,503
– MYR	**30,285**	36,534
	15,531,531	14,923,681

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

20. CASH AND CASH EQUIVALENTS

	2019	2018
Cash at bank and on hand	22,884,142	19,760,878
Short-term bank deposits	20,133	22,005
	22,904,275	19,782,883

	2019	2018
Denominated in:		
– RMB	18,656,983	18,334,553
– HKD	3,362,003	76,939
– MYR	464,825	63,045
– USD	327,779	1,025,648
– AUD	48,901	120,686
– GBP	34,768	99,813
– KRW	8,493	61,241
– SGD	521	956
– Macau Pataca(“MOP”)	2	2
	22,904,275	19,782,883

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

21. SHARE CAPITAL

	2019 Number of shares (thousands)	2019 Share capital	2018 Number of shares (thousands)	2018 Share capital
– Domestic shares	2,207,109	551,777	2,207,109	551,777
– H shares	1,288,258	322,065	1,015,258	253,815
	3,495,367	873,842	3,222,367	805,592

Movement in ordinary shares:

	Number of domestic shares (thousands)	Share capital of domestic shares	Number of H shares (thousands)	Share capital of H shares
Balance at 31 December 2018	2,207,109	551,777	1,015,258	253,815
Placing of shares	–	–	273,000	68,250
Balance at 31 December 2019	2,207,109	551,777	1,288,258	322,065

(All amounts in RMB Yuan thousands unless otherwise stated)

21. SHARE CAPITAL (Continued)

As at 31 December 2019, the registered, issued and fully paid capital of the Company was RMB873,842,000 (2018: RMB805,592,000) divided into 3,495,367,000 (2018: 3,222,367,000) shares, comprising 2,207,109,000 (2018: 2,207,109,000) domestic shares and 1,288,258,000 (2018:1,015,258,000) H shares.

H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 22.

On 30 December 2019, the Company has placed a total of 273,000,000 placing shares at the placing price of HKD13.68 per placing share to no less than six independent placees.

22. OTHER RESERVES

	Share premium (Note (a))	AFS reserve (Note (b))	Financial assets at FVOCI reserve (Note (c))	Statutory reserve (Note (d))	Translation reserve (Note (e))	Revaluation surplus (Note (f))	Others	Total
At 31 December 2017 as originally presented	3,636,625	271,548	–	539,144	46,011	–	72,929	4,566,257
Reclassification on adoption of HKFRS 9	–	(271,548)	271,548	–	–	–	–	–
Restated at 1 January 2018	3,636,625	–	271,548	539,144	46,011	–	72,929	4,566,257
Fair value losses of financial assets at FVOCI, net of tax	–	–	(71,475)	–	–	–	–	(71,475)
Share of other comprehensive income of joint ventures accounted for using the equity method	–	–	–	–	37,118	–	–	37,118
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings,net of tax	–	–	(100,261)	–	–	–	–	(100,261)
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	–	–	–	–	–	469,558	–	469,558
Currency translation differences	–	–	–	–	(36,910)	–	–	(36,910)
At 31 December 2018	3,636,625	–	99,812	539,144	46,219	469,558	72,929	4,864,287
As at 1 January 2019	**3,636,625**	**–**	**99,812**	**539,144**	**46,219**	**469,558**	**72,929**	**4,864,287**
Placing of shares	**3,246,532**	**–**	**–**	**–**	**–**	**–**	**–**	**3,246,532**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**–**	**–**	**(1,087)**	**(1,087)**
Fair value gains of financial assets at FVOCI, net of tax	**–**	**–**	**67,003**	**–**	**–**	**–**	**–**	**67,003**
Share of other comprehensive income of joint ventures accounted for using the equity method	**–**	**–**	**–**	**–**	**127,874**	**–**	**–**	**127,874**
Currency translation differences	**–**	**–**	**–**	**–**	**(45,735)**	**–**	**–**	**(45,735)**
At 31 December 2019	**6,883,157**	**–**	**166,815**	**539,144**	**128,358**	**469,558**	**71,842**	**8,258,874**

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES (Continued)

(a) Share premium arising from the issue and placing of H shares can be utilised in increasing paid-in capital as approved by the directors.

(b) Changes in the fair value of investments that were classified as AFS financial assets, were recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts were reclassified to profit or loss when the associated assets are sold or impaired.

(c) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(d) According to the rules and regulations applicable to the Group's subsidiaries incorporated in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(e) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(f) Revaluation gains on investment properties transferred from property, plant and equipment and land use rights are recognised in other comprehensive income.

23. ACCRUALS AND OTHER PAYABLES

	2019	2018
Amounts due to joint ventures (Note (a) and (Note 38(xvii))	**6,506,090**	7,059,166
Amounts due to associates (Note (a) and Note 38(xvii))	**207,523**	177,170
Amounts due to entities controlled by the same common shareholders (Note (a) and Note 38(xvii))	**62,003**	60,000
Amounts due to a major shareholder (Note (b))	**–**	450,000
Construction payables (Note (c))	**39,201,447**	27,981,005
Other payables and accrued charges (Note (d))	**37,928,807**	31,706,897
	83,905,870	67,434,238

(a) Other than the balance with 廣州市富景房地產開發有限公司(“廣州富景”)which is interest bearing, unsecured and repayable on demand, the amounts are unsecured, interest free and repayable on demand.

(b) Amounts due to a major shareholder are interest bearing and the interest rate is the benchmark lending rate of the People's Bank of China. The amounts are unsecured and repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(d) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS

	2019	2018
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	75,657,595	76,310,874
– Unsecured	11,547,269	5,747,461
	87,204,864	82,058,335
Domestic bonds (Note (b))		
– Unsecured	39,561,938	32,989,149
Medium-term notes (Note (c))		
– Unsecured	1,998,817	1,996,516
Senior notes (Note (d))		
– Secured	34,607,114	15,703,286
Other borrowings (Note (e))		
– Secured	19,651,356	14,223,474
– Unsecured	–	2,403,800
	19,651,356	16,627,274
Finance lease liabilities (Note (g))		
– Secured	–	135,216
Less: current portion of long-term borrowings	(48,153,395)	(38,561,266)
	134,870,694	110,948,510
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	8,781,133	2,212,745
– Unsecured	548,000	418,605
	9,329,133	2,631,350
Super & Short-term Commercial Papers (Note (f))		
– Unsecured	999,883	5,168,603
Senior notes (Note (d))		
– Secured	–	4,427,852
Other borrowings (Note (e))		
– Secured	3,787,643	1,561,093
Total short-term borrowings	14,116,659	13,788,898
Current portion of long-term borrowings	48,153,395	38,561,266
Total borrowings	197,140,748	163,298,674

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2019	2018
At 1 January	**84,689,685**	60,884,691
Additions	**49,778,130**	53,309,906
Acquisition of subsidiaries	**119,989**	718,386
Repayments	**(38,158,951)**	(30,783,398)
Foreign exchange losses	**105,144**	560,100
At 31 December	**96,533,997**	84,689,685

(ii) The maturity of bank borrowings is as follows:

	2019	2018
Within one year	**26,291,986**	21,274,870
Between one and two years	**21,747,036**	16,156,875
Between two and five years	**29,523,759**	19,740,720
Over five years	**18,971,216**	27,517,220
Total bank borrowings	**96,533,997**	84,689,685

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2019	2018
– RMB	**84,959,769**	71,445,870
– USD	**10,116,467**	10,637,750
– HKD	**756,469**	1,600,598
– GBP	**531,432**	503,908
– MYR	**169,860**	–
– AUD	**–**	501,559
	96,533,997	84,689,685

(iv) The effective interest rate of bank borrowings is 5.54% (2018: 5.36%).

(v) The carrying amounts of bank borrowings approximate their fair values.

24. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2015 Public Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Public Bonds"). These corporate bonds have been listed on the Shanghai Stock Exchange and will mature after five years from the issue date.

On 13 July 2018, the Company early redeemed 62,545,820 units of 2015 Public Bonds at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.00% per annum for the remaining periods. The carrying amount of the remaining 2015 Public Bonds as at 31 December 2019 amounted to RMB245,418,000.

(ii) 2016 Public Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Public Bonds"). The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Public Bonds and Additional 2016 Public Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

On 11 January 2019, the Company adjusted the interest rates for the Original 2016 Public Bonds to 7.20% per annum for the remaining periods. On 22 January 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds I to 7.00% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

On 2 April 2019, the Company redeemed 330,000 units of the Additional 2016 Public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.70% per annum for the remaining periods.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The carrying amount of the remaining 2016 Public Bonds as at 31 December 2019 amounted to RMB12,464,860,000.

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds was fixed at 5.20% per annum. On the third, fourth and fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third, fourth and fifth anniversary of the issue date.

On 16 May 2019, the Company adjusted the interest rates for the Original 2016 Non-public Bonds to 6.80% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I was fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 30 May 2018, the Company redeemed 84,700,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.50% per annum for the remaining periods.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II was fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 29 June 2018, the Company redeemed 85,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.50% per annum for the remaining periods.

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III was fixed at 4.39% per annum. On the third, fourth and fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third, fourth and fifth anniversary of the issue date.

On 19 October 2019, the Company redeemed 22,702,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate was adjusted to 7.40% per annum for the remaining periods.

The carrying amount of the remaining 2016 Non-public Bonds as at 31 December 2019 amounted to RMB10,759,800,000.

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iv) 2018 Non-public Bonds

The Company issued 10,000,000 units of non-public bonds at a par value of RMB1 billion in the PRC on 30 May 2018 (the "2018 Non-public Bonds I"). The interest rate of the 2018 Non-public Bonds I was fixed at 6.80% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds I will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 30 May 2019, the Company did not adjust the interest rate for 2018 Non-public Bonds I for the remaining periods. No early redemption has occurred.

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds II will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 24 June 2019, the Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.60% per annum for the remaining periods. No early redemption has occurred.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds III will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 16 September 2019, the Company redeemed 1,380,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

The Company issued 5,500,000 units of non-public bonds at a par value of RMB0.55 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds IV", and, together with the 2018 Non-public Bonds I, II and III, the "2018 Non-public Bonds"). The interest rate of the 2018 Non-public Bonds IV was fixed at 7.70% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds IV will mature after four years from the issue date and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the remaining 2018 Non-public Bonds as at 31 December 2019 amounted to RMB3,111,303,000.

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(v) 2018 Public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "Original 2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Original 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds", and, together with the Original 2018 Public Bonds, the "2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds was fixed at 7.00% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Additional 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the remaining 2018 Public Bonds as at 31 December 2019 amounted to RMB11,005,256,000.

(vi) 2019 Public Bonds

The Company issued 15,800,000 units of corporate bonds at a par value of RMB1.58 billion in the PRC on 8 May 2019 (the "2019 Public Bonds I"). The interest rate of the 2019 Public Bonds I was fixed at 5.60% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 4,000,000 units of corporate bonds at a par value of RMB0.4 billion in the PRC on 8 May 2019 (the "2019 Public Bonds II", and, together with the 2019 Public Bonds I,the "2019 Public Bonds"). The interest rate of the 2019 Public Bonds II was fixed at 6.48% per annum. On the third anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds II will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The net proceeds of the 2019 Public Bonds, after deducting the transaction costs, amounted to RMB1,973,660,000.

The carrying amount of the 2019 Public Bonds as at 31 December 2019 amounted to RMB1,975,301,000.

(vii) Fair value and movement of domestic bonds

The fair values of the 2015 Public Bonds, 2016 Public Bonds, 2018 Public Bonds and 2019 Public Bonds as at 31 December 2019 amounted to RMB25,639,290,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2019 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds and 2018 Non-public Bonds as at 31 December 2019 approximate their carrying amount. The fair values were based on cash flows discounted at the borrowing rate of 6.79% and were within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(vii) Fair value and movement of domestic bonds (continued)

The movements of domestic bonds are set out below:

	2019	2018
At 1 January	**32,989,149**	48,864,935
Additions	**8,973,660**	7,227,200
Redemption	**(2,441,200)**	(23,224,582)
Interest charged	**2,667,642**	1,935,319
Interest paid or included in other payables	**(2,627,313)**	(1,813,723)
At 31 December	**39,561,938**	32,989,149

(c) Medium-term notes

On 27 April 2017, the Company issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes I"). The interest rate of the 2017 Medium-term Notes I was fixed at 5.25% per annum. The 2017 Medium-term Notes I will mature after three years from the issue date.

On 3 July 2017, the Company further issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes II", and together with the 2017 Medium-term Notes I, the "2017 Medium-term Notes"). The interest rate of the 2017 Medium-term Notes II is fixed at 5.50% per annum. The 2017 Medium-term Notes II will mature after three years from the issue date.

The carrying amount of the 2017 Medium-term Notes amounted to RMB1,998,817,000.

The fair value of 2017 Medium-term Notes as at 31 December 2019 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.51%, and was within level 2 of the fair value hierarchy.

The movements of medium-term notes are set out below:

	2019	2018
At 1 January	**1,996,516**	1,994,168
Interest charged	**109,800**	109,848
Interest paid or included in other payables	**(107,499)**	(107,500)
At 31 December	**1,998,817**	1,996,516

24. BORROWINGS (Continued)

(d) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

2017 Notes II

On 13 October 2017 and 27 October 2017, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 5.25% senior notes due 11 October 2018 in the aggregate total principal amount of USD800,000,000 with the issue price 100% of the principal amount (the "2017 Notes II").

On 27 April 2018, Trillion Chance settled a Tender Offer and accepted for purchase the 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100.6% of the principal amount. On 11 October 2018, Trillion Chance redeemed the remaining 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100% of the principal amount.

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2017 Notes III – Original Notes").

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018 (the "2017 Notes III – Additional Notes" and, together with the 2017 Notes III – Original Notes, the "2017 Notes III"). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

24. BORROWINGS (Continued)

(d) Senior notes (continued)

(ii) 2018 Notes

2018 Notes I

On 15 February 2018, Trillion Chance issued 5.000% senior notes due 13 February 2019 in the aggregate principal amount of USD350,000,000 with the issue price 100% of the principal amount (the "2018 Notes I"). The net proceeds of the 2018 Notes I, after deducting the transaction costs, amounted to RMB2,206,205,000.

On 13 February 2019, Trillion Chance redeemed the 2018 Notes I in full at a redemption price equal to 100% of the principal amount.

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the "2018 Note II – Original Notes").

On 12 June 2018, Easy Tactic further issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the "2018 Note II – Additional Notes" and, together with the 2018 Note II – Original Notes, the "2018 Notes II"). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the "2018 Notes III"). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

2018 Notes IV

On 10 October 2018, Trillion Chance issued 7.500% senior notes due 8 October 2019 in the aggregate principal amount of USD300,000,000 with the issue price 100% of the principal amount (the "2018 Notes IV"). The net proceeds of the 2018 Notes IV, after deducting the transaction costs, amounted to RMB2,024,139,000.

On 9 August 2019, Trillion Chance redeemed 50% of the 2018 Notes IV at a redemption price equal to 100.5% of the principal amount. On 16 August 2019, Trillion Chance redeemed the remaining 50% of the 2018 Notes IV at a redemption price equal to 101% of the principal amount.

24. BORROWINGS (Continued)

(d) Senior notes (continued)

(iii) 2019 Notes

2019 Notes I

On 10 January 2019, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the "2019 Notes I – Original Notes").

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the "2019 Notes I – Additional Notes" and, together with the 2019 Note I – Original Notes, the "2019 Notes I"). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,987,000.

2019 Notes II

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,984,095,000.

2019 Notes III

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the "2019 Note III – Original Notes").

On 17 June 2019, Easy Tactic further issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD425,000,000 with the issue price 98.812% of the principal amount, plus accrued interest from (and including) 27 February 2019 to (but excluding) 17 June 2019 (the "2019 Notes III – Additional Notes" and, together with the 2019 Note III – Original Notes, the "2019 Notes III"). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB8,272,544,000.

2019 Notes IV

On 11 July 2019, Easy Tactic issued 8.125% senior notes due 11 July 2024 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount (the "2019 Notes IV"). The net proceeds of the 2019 Notes IV, after deducting the transaction costs, amounted to RMB3,043,408,000.

As at 31 December 2019, all senior notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.25% to 9.81% (2018: 6.25% to 9.57%).

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(d) Senior notes (continued)

The movements of senior notes are set out below:

	2019	2018
At 1 January	**20,131,138**	12,976,964
Issuance	**17,983,970**	11,147,119
Redemption	**(4,471,040)**	(5,299,760)
Early redemption premium charges	**17,618**	–
Early redemption premium paid	**(17,618)**	(16,730)
Interest charged	**2,673,129**	1,375,262
Interest paid or included in other payables	**(2,496,313)**	(1,167,095)
Foreign exchange losses	**786,230**	1,115,378
At 31 December	**34,607,114**	20,131,138

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2019 amounted to RMB32,313,312,000 (31 December 2018: RMB19,275,477,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2019 and is within level 1 of the fair value hierarchy.

(e) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

(i) The movements of other borrowings are set out below:

	2019	2018
At 1 January	**18,188,367**	17,299,000
Additions	**13,473,571**	13,046,247
Repayments	**(8,320,009)**	(12,145,401)
Interest charged	**1,958,789**	1,268,760
Interest paid or included in other payables	**(1,958,789)**	(1,268,760)
Foreign exchange losses/(gains)	**97,070**	(11,479)
At 31 December	**23,438,999**	18,188,367

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(e) Other borrowings (continued)

(ii) The maturity of other borrowings is as follows:

	2019	2018
Within one year	**14,867,193**	6,461,893
Between one and two years	**4,980,464**	6,978,200
Between two and five years	**1,043,829**	2,000,000
Over five years	**2,547,513**	2,748,274
Total other borrowings	**23,438,999**	18,188,367

(iii) The carrying amounts of other borrowings are denominated in the following currencies:

	2019	2018
– RMB	**21,727,356**	16,882,974
– GBP	**1,052,262**	997,763
– AUD	**659,381**	–
– USD	**–**	307,630
	23,438,999	18,188,367

(iv) The effective interest rate of these funding arrangements ranged from 4.75% to 12.36% (2018: 4.75% to 11.33%).

(v) The carrying amounts of other borrowings approximate their fair values.

(f) Super & Short-term Commercial Papers ("SCPs")

The Company issued 71,700,000 units of SCPs at a par value of RMB7.17 billion in the PRC in 2018 (the "2018 SCPs"). The interest rate of the 2018 SCPs ranged from 5.30% to 6.50% per annum. The 2018 SCPs will mature after 270 days from the issue dates. The net proceeds of the 2018 SCPs, after deducting the transaction costs, amounted to RMB7,162,935,000. All the 2018 SCPs have been listed on the Inter-bank Bond Market.

The Company issued 10,000,000 units of SCPs at a par value of RMB1 billion in the PRC on 4 January 2019 (the "Additional 2018 SCPs"). The interest rate of the Additional 2018 SCPs was 5.66% per annum. The Additional 2018 SCPs matured after 90 days from the issue date. The Company issued 48,000,000 units of SCPs at a par value of RMB4.8 billion in the PRC in 2019 (the "2019 SCPs"). The interest rate of the 2019 SCPs ranged from 4.83% to 5.50% per annum. The 2019 SCPs will mature after 270 days from the issue dates. The Additional 2018 SCPs and 2019 SCPs have been listed on the Inter-bank Bond Market.

On 4 December 2018 and 23 December 2018, the Company redeemed 20,000,000 units of 2018 SCPs at a redemption price equal to 100% of the principal amount.

During 2019, the Company redeemed 51,700,000 units of the 2018 SCPs and 10,000,000 units of the Additional 2018 SCPs and 38,000,000 units of the 2019 SCPs at a redemption price equal to 100% of the principal amount.

The fair value of 2019 SCPs as at 31 December 2019 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.5% and was within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(f) Super & Short-term Commercial Papers ("SCPs") (continued)

The movements of SCPs are set out below:

	2019	2018
At 1 January	5,168,603	–
Additions	5,791,318	7,162,935
Redemption	(9,970,000)	(2,000,000)
Interest charged	296,000	207,746
Interest paid or included in other payables	(286,038)	(202,078)
At 31 December	999,883	5,168,603

(g) Finance leases – 2018

As at 31 December 2018, the Group leased various transportation, office and equipment with a carrying amount of RMB135,216,000 under finance leases expiring within 2 to 4 years. Finance lease liabilities were included in borrowings until 31 December 2018, but were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard. Please refer to Note 2.2 for further information about the change in accounting policy for leases.

	2019	2018
Commitments in relation to finance leases are payable as follows:		
No later than 1 year	–	94,011
Later than 1 year and no later than 5 years	–	46,914
Minimum lease payments	–	140,925
Future finance charges	–	(5,709)
Recognised as a liability	–	135,216
The present value of finance lease liabilities is as follows:		
No later than 1 year	–	89,159
Later than 1 year and no later than 5 years	–	46,057
Minimum lease payments	–	135,216

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(h) As at 31 December 2019, bank and other borrowings totaling RMB107,877,727,000 (2018: RMB92,462,327,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2019	2018
Right-of-use assets (2018: Land use rights)	**1,388,219**	1,419,150
Property, plant and equipment	**27,477,883**	28,102,399
Investment properties	**19,114,336**	14,581,099
Properties under development	**70,921,134**	49,960,358
Completed properties held for sale	**6,396,534**	3,596,408
Restricted cash	**3,375,432**	4,119,875
	128,673,538	101,779,289

(i) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2019	2018
Guarantors:		
The Company	**6,493,800**	7,676,706
Subsidiaries	**5,601,469**	893,160
	12,095,269	8,569,866

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 12 months	**7,363,461**	6,392,013
– To be recovered within 12 months	**2,983,307**	2,324,267
	10,346,768	8,716,280
Deferred income tax liabilities:		
– To be recovered after 12 months	**(6,280,608)**	(5,788,891)
– To be recovered within 12 months	**(1,940,775)**	(1,876,784)
	(8,221,383)	(7,665,675)
Deferred income tax assets – net	**2,125,385**	1,050,605

(All amounts in RMB Yuan thousands unless otherwise stated)

25. DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations	Revaluation of AFS	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Total
At 31 December 2017 as originally presented	693,685	4,251,047	1,831,475	72,082	–	915,062	7,763,351
Adjustment on adoption of HKFRS 9 and HKFRS 15	789,059	–	(2,524)	(72,082)	72,082	(24,348)	762,187
Restated at 1 January 2018	1,482,744	4,251,047	1,828,951	–	72,082	890,714	8,525,538
Charged/(credited) to the income statement	393,999	204,645	(96,892)	–	–	480,851	982,603
Acquisitions of subsidiaries	–	–	159,982	–	–	–	159,982
Charged/(credited) to other comprehensive income	–	173,761	–	–	(25,366)	–	148,395
Credited to equity	–	–	–	–	(33,420)	–	(33,420)
At 31 December 2018	1,876,743	4,629,453	1,892,041	–	13,296	1,371,565	9,783,098
As at 1 January 2019	**1,876,743**	**4,629,453**	**1,892,041**	**–**	**13,296**	**1,371,565**	**9,783,098**
Charged/(credited) to the income statement	**64,032**	**486,329**	**(67,456)**	**–**	**–**	**550,457**	**1,033,362**
Charge to other comprehensive income	**–**	**–**	**–**	**–**	**15,743**	**–**	**15,743**
At 31 December 2019	**1,940,775**	**5,115,782**	**1,824,585**	**–**	**29,039**	**1,922,022**	**10,832,203**

(All amounts in RMB Yuan thousands unless otherwise stated)

25. DEFERRED INCOME TAX (Continued)

Deferred income tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations	Total
At 31 December 2017 as originally presented	3,927,689	1,432,775	632,379	–	1,467,630	7,460,473
Adjustment on adoption of HKFRS 9 and HKFRS 15	156,605	–	–	–	–	156,605
Restated at 1 January 2018	4,084,294	1,432,775	632,379	–	1,467,630	7,617,078
Credited/(charged) to the income statement	1,594,265	1,287,167	215,679	–	(55,689)	3,041,422
Acquisitions of subsidiaries	–	129,987	–	–	44,937	174,924
Credited to other comprehensive income	–	–	–	279	–	279
At 31 December 2018	5,678,559	2,849,929	848,058	279	1,456,878	10,833,703
At 1 January 2019	**5,678,559**	**2,849,929**	**848,058**	**279**	**1,456,878**	**10,833,703**
Credited/(charged) to the income statement	**859,763**	**1,098,199**	**189,609**	**–**	**(56,709)**	**2,090,862**
Acquisitions of subsidiaries	**–**	**33,302**	**–**	**–**	**–**	**33,302**
Charged to other comprehensive income	**–**	**–**	**–**	**(279)**	**–**	**(279)**
At 31 December 2019	**6,538,322**	**3,981,430**	**1,037,667**	**–**	**1,400,169**	**12,957,588**

As at 31 December 2019, deferred income tax assets of RMB2,610,820,000 were offset against deferred income tax liabilities within the same tax jurisdictions (31 December 2018: RMB2,117,423,000).

26. CURRENT INCOME TAX LIABILITIES

	2019	2018
Land appreciation tax liabilities	**14,604,337**	13,674,714
Income tax liabilities	**4,555,174**	4,953,667
	19,159,511	18,628,381

27. OTHER INCOME

	2019	2018
Interest income	**548,377**	277,571
Other operating income	**321,006**	254,731
Forfeited deposits from customers	**63,510**	89,378
Government subsidy income	**16,466**	84,295
Dividends income from financial assets at FVOCI	**8,992**	–
	958,351	705,975

(All amounts in RMB Yuan thousands unless otherwise stated)

28. OTHER GAINS – NET

	2019	2018
Revaluation gains on investment properties transferred from properties under development	1,226,367	–
Fair value gains on investment properties – net	651,110	730,012
Gains on disposals of subsidiaries	13,318	–
Losses on disposals of property, plant and equipment	(3,588)	(11,029)
(Losses)/gains on disposals of intangible assets	(981)	54,087
Gains on disposal of a joint venture	–	54,987
Losses on disposal of financial assets at FVOCI	–	(596)
Others	7,553	104,819
	1,893,779	932,280

29. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2019	2018
Cost of properties sold	58,335,140	46,163,251
Employee benefit expenses	3,479,442	3,465,819
Depreciation of property, plant and equipment and right-of-use assets	1,846,372	1,498,423
Business taxes and other levies	1,034,280	1,160,407
Advertising costs	406,510	436,117
Office expenses	359,699	310,701
Amortisation of intangible assets (2018: Amotisation of land use rights and intangible assets)	158,761	336,534
Operating lease payments	33,336	68,418
Auditors' remuneration	11,515	12,010
– Audit services	7,060	7,131
– Non-audit services	4,455	4,879
Others	4,884,383	3,647,291
	70,549,438	57,098,971

30. EMPLOYEE BENEFIT EXPENSES

	2019	2018
Wages and salaries	2,494,547	2,545,053
Retirement scheme contributions	705,100	639,597
Other allowances and benefits	279,795	281,169
	3,479,442	3,465,819

(All amounts in RMB Yuan thousands unless otherwise stated)

30. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2018: Nil) whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the five (2018: five) individuals during the year are as follows:

	2019	2018
Wages and salaries, housing allowances, other allowances and benefits in kind	**262,101**	232,020

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
HKD22,500,001 to HKD23,000,000	**–**	1
HKD27,000,001 to HKD27,500,000	**1**	–
HKD31,500,001 to HKD32,000,000	**1**	–
HKD35,500,001 to HKD36,000,000	**–**	1
HKD37,000,001 to HKD37,500,000	**1**	–
HKD43,500,001 to HKD44,000,000	**–**	1
HKD56,000,001 to HKD56,500,000	**–**	1
HKD88,000,001 to HKD88,500,000	**1**	–
HKD113,000,001 to HKD113,500,000	**1**	–
HKD115,500,001 to HKD116,000,000	**–**	1

31. FINANCE COSTS

	2019	2018
Interest expenses:		
– bank borrowings	**6,008,824**	4,541,977
– domestic bonds (Note 24(b))	**2,667,642**	1,935,319
– medium-term notes (Note 24(c))	**109,800**	109,848
– senior notes (Note 24(d))	**2,673,129**	1,375,262
– other borrowings (Note 24(e))	**1,958,789**	1,268,760
– SCPs (Note 24(f))	**296,000**	207,746
– Finance lease liabilities (Note 24(g))	**–**	11,189
– Lease liabilities (Note 8(b))	**16,538**	–
	13,730,722	9,450,101
Early redemption premium for senior notes	**17,618**	16,730
Net foreign exchange losses	**356,470**	1,765,481
Less: finance costs capitalised	**(8,505,283)**	(6,019,985)
	5,599,527	5,212,327

(All amounts in RMB Yuan thousands unless otherwise stated)

32. INCOME TAX EXPENSES

	2019	2018
Current income tax		
– enterprise income tax (Note (b))	5,145,936	5,411,019
– PRC land appreciation tax (Note (c))	4,044,618	4,856,761
Deferred income tax	(1,057,500)	(2,058,819)
Total income tax expenses (Note (d))	8,133,054	8,208,961

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2018: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2019, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (2018: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the enacted income tax rate applicable to profits of the consolidated companies due to the following:

	2019	2018
Profit before income tax	18,226,264	16,937,346
Less: land appreciation tax	(4,044,618)	(4,856,761)
	14,181,646	12,080,585
Calculated at tax rate of 25% (2018: 25%)	3,545,412	3,020,146
Effects of:		
– Different income tax rates of certain companies	(10,977)	12,965
– Share of results of joint ventures and associates	(194,100)	(95,671)
– Expenses and development costs not deductible for tax purposes	120,848	253,338
– Tax losses for which no deferred income tax asset was recognised	802,537	659,885
– Income not subject to tax	(23,649)	(11,640)
– Gains on bargain purchase	–	(99,306)
– Others	(151,635)	(387,517)
Enterprise income tax	4,088,436	3,352,200
Land appreciation tax	4,044,618	4,856,761
Tax charge	8,133,054	8,208,961

32. INCOME TAX EXPENSES (Continued)

(e) The tax charges relating to components of other comprehensive income are as follows:

	2019			2018		
	Before tax	**Tax charges**	**After tax**	Before tax	Tax credit/ (charges)	After tax
Fair value gains/(losses) of financial assets at FVOCI	**83,025**	**(16,022)**	**67,003**	(97,120)	25,645	(71,475)
Revaluation gains from investment properties transferred from property, plant and equipment and land use rights	**–**	**–**	**–**	643,319	(173,761)	469,558

33. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
Profit attributable to owners of the Company	**9,672,051**	8,371,237
Weighted average number of ordinary shares in issue (thousands)	**3,223,863**	3,222,367
Earnings per share (RMB per share)	**3.0001**	2.5979

There were no potential dilutive ordinary shares as at 31 December 2019 and 2018.

34. DIVIDENDS

The dividends declared in 2019 were RMB4,027,959,000 (2018: RMB3,770,170,000). A dividend in respect of the year ended 31 December 2019 of RMB0.86 per ordinary share, amounting to a total dividend of RMB3,006,016,000, is to be proposed at the annual general meeting on 29 May 2020. These financial statements do not reflect this dividend payable.

	2019	2018
Interim dividend declared of RMB0.42 (2018: RMB0.40) per ordinary share	**1,353,394**	1,288,947
Proposed final dividend of RMB0.86 (2018: RMB0.83) per ordinary share	**3,006,016**	2,674,565
	4,359,410	3,963,512

(All amounts in RMB Yuan thousands unless otherwise stated)

35. CASH FLOW INFORMATION

(a) Cash generated from operations

	2019	2018
Profit before income tax	18,226,264	16,937,346
Adjustments for:		
– Capitalised finance costs included in costs of sales	3,042,206	3,549,777
– Interest income	(548,377)	(277,571)
– Finance costs	5,599,527	5,212,327
– Depreciation	1,846,372	1,498,423
– Amortisation of intangible assets (2018: Amortisation of intangible assets and land use rights)	158,761	336,534
– Losses on disposals of property, plant and equipment	3,588	11,029
– Gains on disposals of subsidiaries	(13,318)	–
– Revaluation gains on investment properties transferred from properties under development	(1,226,367)	–
– Losses/(gains) on disposals of intangible assets	981	(54,087)
– Dividend income from financial assets at FVOCI	(8,992)	–
– Gains on disposal of investment properties	(61)	–
– Gains on disposal of a joint venture	–	(54,987)
– Gains on bargain purchase	–	(397,226)
– Remeasurement gain of previously held interests in joint ventures and associates	–	(29,852)
– Loss on disposal of financial assets at FVOCI	–	596
– Share of results of joint ventures	(611,191)	(288,505)
– Share of results of associates	(165,208)	(94,177)
– Fair value gains on investment properties	(651,110)	(730,012)
– Elimination of unrealised profits	66,148	37,670
Operating profit before changes in working capital	25,719,223	25,657,285
Changes in working capital:		
– Properties under development and completed properties held for sale	(26,043,678)	(38,348,743)
– Trade receivables	(2,161,261)	(2,930,272)
– Other receivables and prepayments	(10,775,182)	(1,642,887)
– Restricted cash	(531,733)	(4,555,279)
– Contract liabilities	(406,930)	10,248,235
– Accruals and other payables	12,278,811	20,191,072
– Contract assets	(239,729)	(724,178)
Cash (used in)/generated from operations	(2,160,479)	7,895,233

(All amounts in RMB Yuan thousands unless otherwise stated)

35. 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 periods presented.

Net debt

	2019	2018
Cash and cash equivalents	**22,904,275**	19,782,883
Borrowings – repayable within one year	**(62,338,274)**	(52,350,164)
Borrowings – repayable after one year	**(135,002,707)**	(110,948,510)
Net debt	**(174,436,706)**	(143,515,791)
Cash and cash equivalents	**22,904,275**	19,782,883
Gross debt – fixed interest rates	**(87,621,408)**	(77,063,735)
Gross debt – variable interest rates	**(109,719,573)**	(86,234,939)
Net debt	**(174,436,706)**	(143,515,791)

		Liabilities from financing activities				
	Cash and cash equivalents	**Leases due within 1 year**	**Leases due after 1 year**	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Net debt as at 1 January 2018	19,697,169	(89,310)	(134,765)	(28,325,112)	(113,694,646)	(122,546,664)
Cash flow	109,202	160	97,746	(22,809,173)	4,368,232	(18,233,833)
Acquisitions	–	–	–	(417,198)	(301,188)	(718,386)
Currency translation differences	(23,488)	–	–	(628,991)	(1,035,008)	(1,687,487)
Other non-cash movements	–	(9)	(9,038)	(80,531)	(239,843)	(329,421)
Net debt as at 31 December 2018	19,782,883	(89,159)	(46,057)	(52,261,005)	(110,902,453)	(143,515,791)
Recognised on adoption of HKFRS 16 (Note 2.2)	**–**	**(34,577)**	**(67,882)**	**–**	**–**	**(102,459)**
Net debt as at 1 January 2019	**19,782,883**	**(123,736)**	**(113,939)**	**(52,261,005)**	**(110,902,453)**	**(143,618,250)**
Cash flow	**2,991,898**	**55,965**	**125,927**	**(9,689,822)**	**(22,949,790)**	**(29,465,822)**
Acquisitions	**–**	**–**	**–**	**(119,989)**	**–**	**(119,989)**
Currency translation differences	**129,494**	**–**	**–**	**(160,934)**	**(827,510)**	**(858,950)**
Other non-cash movements	**–**	**(449)**	**(144,001)**	**(38,304)**	**(190,941)**	**(373,695)**
Net debt as at 31 December 2019	**22,904,275**	**(68,220)**	**(132,013)**	**(62,270,054)**	**(134,870,694)**	**(174,436,706)**

(All amounts in RMB Yuan thousands unless otherwise stated)

36. FINANCIAL GUARANTEE CONTRACTS

	2019	2018
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	85,042,299	68,163,184
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	4,699,596	6,730,589
	89,741,895	74,893,773

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and associates for their borrowings.

37. COMMITMENTS

(a) Commitments for capital and property development activities

	2019	2018
Contracted but not provided for		
Property development activities (including land premium)	26,210,200	31,188,947
Acquisition of hotels	138,040	530,830
	26,348,240	31,719,777

(b) Operating lease commitments

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment under non-cancellable operating leases expiring within 2 to 60 years. The leases have varying terms, escalation clauses and renewal rights.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

Minimum lease payments under non-cancellable short-term and low-value leases not recognised in the financial statements are as follows:

	2019	2018
No later than one year	11,461	58,424
Later than one year and no later than five years	232	60,695
Later than five years	–	22,819
	11,693	141,938

(All amounts in RMB Yuan thousands unless otherwise stated)

37. COMMITMENTS (Continued)

(c) Operating lease rentals receivable

Minimum lease payments receivable on leases of investment properties are as follows:

	2019	2018
No later than one year	798,471	1,002,987
Later than one year and no later than five years	1,886,769	1,523,487
Later than five years	107,800	331,583
	2,793,040	2,858,057

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 30.99% and 29.52%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Key management compensation

	2019	2018
Salaries and welfare benefits	70,716	103,695

ii) Provision of lease of properties

	2019	2018
A joint venture:		
廣州富景	–	133

iii) Drinking water system charges

	2019	2018
An associate:		
長泰馬洋溪水務有限公司(“馬洋溪水務”)	45	42
Common shareholders:		
廣州越富環保科技有限公司(“越富環保”)	20	26
	65	68

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

iv) Provision of property management services

	2019	2018
Joint ventures:		
天津津南新城房地產開發有限公司(“津南新城”)	9,102	5,458
長沙禧榮置業有限公司(“長沙禧榮”)	1,650	704
貴州大西南房地產開發有限公司(“貴州大西南”)	1,560	14,790
廣州市森華房地產有限公司(“森華房地產”)	1,269	2,903
中交富力(北京)置業有限公司(“中交富力”)	828	–
	14,409	23,855
Associates:		
河南建業富居投資有限公司(“河南建業”)	17,867	9,831
龍岩恒富房地產開發有限公司(“龍岩恒富”)	623	676
	18,490	10,507

v) Provision of decoration, design and construction services

	2019	2018
Joint ventures:		
RFCZ (UK) Ltd	450,134	106,567
長沙禧榮	125,536	21,083
貴州大西南	115,953	92,281
上海城投悦城置業有限公司(“上海悦城”)	72,051	212,317
津南新城	32,038	11,126
安徽皖富置業有限責任公司(“安徽皖富”)	9,251	–
廣州富景	6,669	58,656
森華房地產	6,180	6,215
北京力思創新國度科技有限公司(“北京力思”)	5,031	–
廣西富雅投資有限公司(“廣西富雅”)	4,926	1,169
天津駿友房地產信息諮詢有限公司(“天津駿友”)	2,130	–
天津欣碧房地產開發有限公司(“天津欣碧”)	94	–
	829,993	509,414
Associates:		
河南建業	51,541	21,741
龍岩恒富	43,905	130,526
天津碧順房地產開發有限公司(“天津碧順”)	1,071	–
	96,517	152,267
Entities controlled by same common shareholders:		
准格爾旗富量礦業有限公司	2,858	–
	929,368	661,681

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Provision of consultation services

	2019	2018
Joint ventures:		
長沙禧榮	**4,572**	–
貴州大西南	**–**	795
	4,572	795

vii) Purchase of installation services

	2019	2018
Controlled by an immediate family member of a major shareholder:		
廣州鉅融機電工程有限公司	**1,562**	2,890

viii) Purchase of hotel services

	2019	2018
A joint venture:		
廣州富景	**710**	193

ix) Purchase of advertising services

	2019	2018
Associates:		
寰圖(中國)有限公司	**25,000**	–
北京中房同創文化傳媒股份有限公司	**498**	198
	25,498	198

x) Provision of technology services

	2019	2018
Joint ventures:		
RFCZ (UK) Ltd	**10,587**	10,161
長沙禧榮	**1,362**	–
貴州大西南	**1,346**	1,441
津南新城	**609**	368
安徽皖富	**144**	–
廣州富景	**–**	283
森華房地產	**–**	175
	14,048	12,428
Associates:		
龍岩恒富	**294**	40
河南建業	**143**	–
	437	40
	13,139	12,468

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xi) Purchase of property, plant and equipment

	2019	2018
A major shareholder	**–**	29,020

xii) Provision of entrusted management services

	2019	2018
An associate:		
龍岩恒富	**7,925**	33,962

xiii) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2019, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2019	2018
Joint ventures:		
Instant Glory International Limited ("Instant Glory")	**1,001,936**	950,044
蘇州富景房地產開發有限公司("蘇州富景")	**775,000**	–
上海悦城	**578,430**	623,815
廣州市騰順投資有限公司("騰順投資")	**445,850**	308,500
津南新城	**236,250**	746,250
廣州富景	**–**	989,084
森華房地產	**–**	30,000
	3,037,466	3,647,693
Associates:		
河南建業	**967,492**	1,007,141
天津碧順	**44,550**	36,300
	1,012,042	1,043,441
	4,049,508	4,691,134

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xiii) Provision of guarantees for borrowings (Continued)

(b) Other borrowings

	2019	2018
A joint venture:		
中交富力	**404,400**	770,000
An associate:		
河南建業	**–**	123,750
	404,400	893,750

xiv) Interest income on loans to related parties

	2019	2018
A joint venture:		
中交富力	**98,570**	–
An associate:		
中交富力和美(北京)置業有限公司(“中交富力和美”)	**24,657**	–

xv) Interest expense on borrowing from related parties

	2019	2018
A joint venture:		
廣州富景	**46,521**	–

xvi) Transfer of equity interests in subsidiaries

	2019	2018
Entities controlled by same common shareholders		
廣州富星投資諮詢有限公司(“廣州富星”)	**10,000**	–

The Group transferred its 100% equity interests in 大同恒富物業服務有限公司（“大同恒富”）and 天津華信物業管理有限公司（“天津華信”）to 廣州富星, an entity controlled by Dr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB10,000,000 on 23 December 2019 and 31 December 2019, respectively, recognising gains on disposals of subsidiaries of RMB11,981,000 for the year ended 31 December 2019.

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xvii) Balances with related parties

As at 31 December 2019, the Group had the following significant balances with related parties:

	2019	2018
Due from:		
Joint ventures		
– Non-trade balances		
騰順投資(Note (a))	**3,160,026**	2,764,642
安徽皖富(Note (b))	**607,066**	357,554
中交富力(Note (b))	**340,000**	480,150
湖州品富房地產開發有限公司	**294,657**	292,594
Hines Shanghai New Jiangwan Development Co., Ltd.	**185,155**	181,107
Accord Wing Limited	**81,385**	79,606
RFCZ (UK) Ltd	**37,662**	19,557
天津欣碧	**43,617**	53,673
天津駿友	**34,713**	46,275
東營匯富房地產開發有限公司	**20,941**	–
北京力思	**8,041**	2,117
長沙禧榮	**–**	518,854
	4,813,263	4,796,129
– Trade balances		
上海悦城	**45,801**	44,270
長沙禧榮	**41,664**	16,370
RFCZ (UK) Ltd	**23,934**	–
貴州大西南	**11,070**	–
森華房地產	**687**	1,747
廣西富雅	**639**	–
廣州富景	**–**	200
	123,795	62,587
Associates		
– Non-trade balances		
北京盈富瑞泰房地產開發有限公司(Note (b))	**2,112,526**	–
蘇州富景(Note (b))	**383,641**	96,836
河南建業(Note (b))	**317,300**	317,300
中交富力和美	**197,433**	–
衡陽傑輝置業有限公司	**167,003**	166,809
莆田瑞盛置業有限公司	**81,121**	–
天津碧順	**50,251**	80,611
南通錦力置業有限公司	**38,011**	121,248
馬洋溪水務	**520**	520
	3,347,806	783,324
– Trade balances		
龍岩恒富	**25**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xvii) Balances with related parties (continued)

	2019	2018
Due from (continued):		
Entities controlled by same common shareholders		
– Non-trade balances		
大同恒富	7,087	–
– Trade balances		
大同恒富	17	–
天津華信	6	–
	23	–
	8,291,999	5,642,040
Advances received from (Note (c)):		
Joint ventures		
– Trade balances		
貴州大西南	–	188,855
RFCZ (UK) Ltd	–	22,334
	–	211,189
An associate		
– Trade balances		
龍岩恒富	22,565	13,644
	22,565	224,833

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xvii) Balances with related parties (continued)

	2019	2018
Due to:		
Joint ventures		
– Non-trade balances		
廣州富景	**2,009,443**	2,241,559
上海悦城	**1,638,516**	1,705,723
津南新城	**841,825**	841,825
Instant Glory	**804,360**	1,213,557
森華房地產	**484,000**	429,000
貴州大西南	**424,866**	356,942
廣西富雅	**270,560**	270,560
長沙禧榮	**26,400**	–
海南富力中軍文創體育發展有限公司	**6,120**	–
	6,506,090	7,059,166
Associates		
– Non-trade balances		
龍岩恒富	**129,947**	99,594
北京盛興天和投資管理有限公司	**77,576**	77,576
	207,523	177,170
Entities controlled by the same common shareholders		
– Non-trade balances		
越富環保	**46,000**	46,000
廣東華南環保投資股份有限公司	**14,000**	14,000
天津華信	**2,003**	–
	62,003	60,000
Major shareholders	**1,190,000**	450,000
	7,965,616	7,746,336

(a) It represents the guarantee deposits paid by the Group for certains projects.

(b) It represents payments for purchases of land use rights paid by the Group on behalf of the joint ventures and associates.

(c) The Group provides construction services to certain related companies. Advance received from such related companies was classified as “contract liabilities”.

(d) The non-trade balances with related parties are interest free except for the balances with major shareholders, 廣州富景, 中交富力 and 中交富力和美.

(e) The non-trade balances with related parties have no fix repayment terms except for the balance with major shareholders.

(f) The non-trade balances with related parties are unsecured.

(g) No provisions are held against receivables from related parties (2018:Nil).

39. EVENTS AFTER THE REPORTING PERIOD

(a) Senior Notes

On 5 March 2020, Easy Tactic issued 8.625% senior notes due 5 March 2024 in the aggregate principal amount of USD400,000,000 with the issue price 100% of the principal amount (the "2020 Notes I"). The net proceeds of the 2020 Notes I, after deducting the transaction costs, amounted to RMB2,762,270,000.

On 10 March 2020, Easy Tactic redeemed 46.43% of the 2019 Note I at a redemption price equal to 102.5% of the principal amount.

(b) SCPs

The Company issued 7,000,000 units of SCPs at a par value of RMB700,000,000 in the PRC on 14 January 2020 (the "2020 SCPs"). The interest rate of the 2020 SCPs was 5.40% per annum. The 2020 SCPs will mature after 120 days from the issue date.

On 21 January 2020, the Company redeemed 10,000,000 units of the 2019 SCPs at a redemption price equal to 100% of the principal amount.

(c) COVID-19

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across China and other countries and it has affected business and economic activities to some extent.

The directors of the Company have assessed that the COVID-19 outbreak may have the following impact to the Group:

- Business at the Group's offline sales office has been suspended following the precautionary and control measures implemented by local governments. The Group has turned to online marketing channels and offered more discount to customers to minimize the adverse impact. The Group recorded contracted sales of RMB8,680,000,000 in January and February of 2020, a drop of RMB4,260,000,000 or 33% from the corresponding period in prior year.

- The Group's rental income in 2020 could possibly be affected by the temporary waivers of rentals, property management or certain miscellaneous fees offered to tenants and the short term economic slowdown due to COVID-19 outbreak as certain of the Group's rental and management fee income will be varied based on the actual business volume of tenants. In addition, in light of the negative impact brought upon by the COVID-19 outbreak in the short term, it may lead to early termination, breach or renewal of certain existing lease contracts and also affect the signing of new contracts, and thus affecting the rental income in the coming periods.

- The Group applies the fair value model to measure its investment properties. In 2020, the fair value of the Group's investment properties may be subject to fluctuation due to the COVID-19 outbreak, the impact of which is still under assessment.

- The Group's hotel operation income in 2020 could possibly be affected by the temporary shut-down of business and level of restrictions and controls over the travelling of people and traffic arrangements.

The overall financial effect of the above cannot be reliably estimated as of the date of these consolidated financial statements.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December 2019	2018
ASSETS			
Non-current assets			
Land use rights		**19,218**	19,803
Property, plant and equipment		**331,076**	334,126
Investment properties		**2,900,392**	2,478,476
Intangible assets		**129,796**	107,018
Investments in subsidiaries		**28,849,255**	27,434,267
Interests in joint ventures		**3,882,822**	3,532,725
Interests in associates		**282,829**	164,213
Deferred income tax assets		**732,008**	368,466
Financial assets at fair value through other comprehensive income		**359,487**	296,289
Trade and other receivables and prepayments		**41,830**	–
		37,528,713	34,735,383
Current assets			
Properties under development		**818,411**	939,010
Completed properties held for sale		**1,955,044**	1,602,020
Trade and other receivables and prepayments		**75,297,160**	68,704,030
Contract assets		**–**	11,391
Tax prepayments		**–**	11,138
Restricted cash		**1,975,639**	2,189,584
Cash and cash equivalents		**4,590,975**	2,836,085
		84,637,229	76,293,258
Total assets		**122,165,942**	111,028,641
EQUITY			
Equity attributable to owners of the Company			
Share capital		**873,842**	805,592
Other reserves	Note (a)	**7,996,875**	4,702,944
Retained earnings	Note (a)	**4,820,750**	4,334,016
Total equity		**13,691,467**	9,842,552
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**28,631,672**	22,602,931
Current liabilities			
Accruals and other payables		**55,371,432**	57,469,443
Contract liabilities		**141,573**	34,115
Current income tax liabilities		**1,053,703**	973,189
Short-term borrowings		**999,883**	5,168,603
Current portion of long-term borrowings		**22,276,212**	14,937,808
		79,842,803	78,583,158
Total liabilities		**108,474,475**	101,186,089
Total equity and liabilities		**122,165,942**	111,028,641

The balance sheet of the Company was approved by the Board of Directors on 26 March 2020 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 31 December 2017 as previously presented	4,579,324	4,480,630
Adjustment on adoption of HKFRS 9	(5,660)	–
Balance as at 1 January 2018 as restated	4,573,664	4,480,630
Profit for the year	3,396,841	–
Fair value losses on financial assets at FVOCI, net of tax	–	(77,629)
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	–	400,204
Disposals of financial assets at FVOCI	133,681	(100,261)
Dividends for the year	(3,770,170)	–
Balance as at 31 December 2018	4,334,016	4,702,944
Balance as at 1 January 2019	**4,334,016**	**4,702,944**
Profit for the year	**4,514,693**	**–**
Fair value gains on financial assets at FVOCI, net of tax	**–**	**47,399**
Placement of shares	**–**	**3,246,532**
Dividends for the year	**(4,027,959)**	**–**
Balance as at 31 December 2019	**4,820,750**	**7,996,875**

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2019:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors				
Dr. Li Sze Lim	–	5,156	16	5,172
Mr. Zhang Li (Note (i))	–	5,156	–	5,156
Mr. Zhou Yaonan	–	2,800	–	2,800
Mr. Lu Jing	–	1,980	–	1,980
Non-executive Directors				
Ms. Zhang Lin	433	–	–	433
Ms. Li Helen	433	–	–	433
Independent non-executive Directors				
Mr. Ng Yau Wah Daniel	327	–	–	327
Mr. Wong Chun Bong	348	–	–	348
Mr. Zheng Ercheng	327	–	–	327

For the year ended 31 December 2018:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors				
Dr. Li Sze Lim	–	5,286	15	5,301
Mr. Zhang Li (Note (i))	–	5,286	4	5,290
Mr. Zhou Yaonan	–	6,478	–	6,478
Mr. Lu Jing	–	2,605	–	2,605
Non-executive Directors				
Ms. Zhang Lin	416	–	–	416
Ms. Li Helen	416	–	–	416
Independent non-executive Directors				
Mr. Ng Yau Wah Daniel	315	–	–	315
Mr. Wong Chun Bong	335	–	–	335
Mr. Zheng Ercheng	315	–	–	315

Notes:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) During 2019, no directors waived or has agreed to waive any emoluments (2018: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2019 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2018 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2019 (2018: same).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2019, the Group did not pay consideration to any third parties for making available directors' services (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

As at 31 December 2019, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: nil).

(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 (2018: nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 31 December 2019 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 31 December		Total equity as At 31 December	
	2019	2018	**2019**	2018
As stated in accordance with CAS	**9,166,722**	8,728,877	**79,769,249**	69,829,839
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(1,157)**	(655)	**39,839**	40,996
2. Deferred taxation	**287**	163	**(9,963)**	(10,251)
3. Revaluation gains on investment properties transferred from properties under development	**927,358**	–	**–**	–
As stated in accordance with HKFRS	**10,093,210**	8,728,385	**79,799,125**	69,860,584

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

3. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2019	2018	2017	2016	2015
Non-current assets	**103,608,668**	95,118,290	84,429,320	48,033,848	44,573,266
Current assets	**323,717,650**	271,075,640	213,679,620	178,377,631	139,159,665
Total assets	**427,326,318**	366,193,930	298,108,940	226,411,479	183,732,931
Non-current liabilities	**143,224,090**	118,614,185	120,549,779	92,101,058	53,695,345
Current liabilities	**204,303,103**	177,719,161	112,665,507	87,474,224	80,820,206
Total liabilities	**347,527,193**	296,333,346	233,215,286	179,575,282	134,515,551
Total equity	**79,799,125**	69,860,584	64,893,654	46,836,197	49,217,380

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2019	2018	2017	2016	2015
Revenue	**90,813,970**	76,857,682	59,277,855	53,730,339	44,290,924
Cost of sales	**(61,041,401)**	(48,908,173)	(38,315,554)	(38,543,599)	(30,083,853)
Gross profit	**29,772,569**	27,949,509	20,962,301	15,186,740	14,207,071
Other income and other gains — net	**2,852,130**	1,638,255	1,325,048	2,257,206	1,518,092
Selling and marketing costs	**(3,292,140)**	(2,556,510)	(1,814,776)	(1,315,362)	(896,657)
Administrative expenses	**(6,215,897)**	(5,634,288)	(3,513,480)	(2,672,863)	(2,409,572)
Net impairment losses on financial and contract assets	**(67,270)**	(27,201)	(13,502)	–	–
Gains on bargain purchase	**–**	397,226	13,107,560	–	–
Operating profit	**23,049,392**	21,766,991	30,053,151	13,455,721	12,418,934
Finance costs	**(5,599,527)**	(5,212,327)	(1,672,979)	(2,367,045)	(2,153,995)
Share of results of joint ventures	**611,191**	288,505	(33,322)	844,493	1,343,455
Share of results of associates	**165,208**	94,177	128,170	(64,329)	(18,893)
Profit before income tax	**18,226,264**	16,937,346	28,475,020	11,868,840	11,589,501
Income tax expense	**(8,133,054)**	(8,208,961)	(7,050,765)	(4,812,823)	(4,877,229)
Profit for the year	**10,093,210**	8,728,385	21,424,255	7,056,017	6,712,272
Attributable to:					
Owners of the Company	**9,672,051**	8,371,237	21,186,451	6,755,908	5,615,795
Holders of perpetual capital instruments	**–**	33,433	143,567	273,943	1,105,249
Non-controlling interest	**421,159**	323,715	94,237	26,166	(8,772)

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Guangzhou						
Guangzhou R&F Global Merchandise Center	80%	Pingbu Avenue North, Huadu District	Office & Retail	198,668	733,000	587,000
Guangzhou Baogang Road Project	100%	No. 3 Baogang Road, Haizhu District	Residential & Retail	4,031	43,000	43,000
Guangzhou R&F Sky Apartment (Tangdong Project)	100%	Guang Tang Road, Tang Dong, Tianhe District	Apartment	72,174	53,000	53,000
Guangzhou R&F Sky Apartment Xueyuan Li (Yushatan Village Project)	100%	Yuzhong Road, Yushatan	Apartment	21,132	42,000	42,000
Guangzhou Zhongshanliu Road Project	100%	Zhongshanliu Road	Retail	4,627	24,000	24,000
Zhuhai						
Zhuhai R&F Youpai Plaza (Baoshui District Caishi Project)	67%	Baosheng Road, Baoshui District	Apartment, Office & Retail	51,530	93,000	62,000
Zhuhai R&F Xintiandi (Xiangzhou Hengxin Industry City Project)	68%	South of Jiuzhou Road, Xiangzhou District	Residential, Apartment & Retail	16,813	236,000	160,000
Huizhou						
Huizhou R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Yonghan Town, Longmen County	Residential & Retail	1,630,681	477,000	477,000
Huizhou R&F Bay Shore (excluding Hilton Hotel)	100%	Dapu Tun,Renshan Town, Huidong County	Residential & Retail	1,318,673	1,155,000	1,155,000
Huizhou R&F Modern Plaza	100%	Luoyang Town, Boluo County	Residential & Retail	79,167	48,000	48,000
Huizhou R&F Huilin Hot Spring Village	100%	Hengli, Huicheng District	Residential	698,012	50,000	50,000
Huizhou R&F Shangyue Court (Jilong Town Project)	100%	Jilong Village, Huidong County	Residential	110,505	137,000	137,000
Meizhou						
Meizhou R&F City	100%	Meixian New Town	Residential & Retail	832,689	612,000	612,000
Meizhou R&F Yanshan Lake	100%	Yanyang Town, Meixian District	Residential	218,046	409,000	409,000
Shaoguan						
Shaoguan R&F City (Wanziqianhong Project)	65%	East of Shaoguan Avenue, Wujiang District	Residential	131,419	374,000	243,000
Zhaoqing						
Zhaoqing R&F Shangyue Court (Dinghu New City 46 District Project)	100%	Xincheng District 46, Dinghu District	Residential, Apartment & Retail	46,407	140,000	140,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Yangjiang						
Yangjiang R&F Bay Shore (Shapa Town Project)	100%	Moon Bay, Shapa County	Residential	69,466	215,000	215,000
Yingde						
Yingde R&F Golden Jubilee Garden (Yinghong Town Project)	100%	Yingde Economic Cooperation Zone	Residential	69,872	219,000	219,000
Lechang						
Lechang R&F Shangyue Court (Lecheng Street Project)	100%	Lecheng Street	Residential	101,593	468,000	468,000
Qingyuan						
Qingyuan China-Israel Science and Technology Town	100%	Zhoutian Industrial Park	Residential & Industrial	195,572	435,000	435,000
Zhongshan						
Zhongshan Shiqi CBD Project	100%	East of Fukang North Road	Retail	19,798	118,000	118,000
Hainan						
Hainan R&F Bay Shore (excluding Marriot Hotel)	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,702,993	291,000	291,000
Hainan R&F Mangrove Bay (excluding Hilton Hotel)	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	1,520,000	1,520,000
Hainan R&F Moon Bay Shore (Wenchang Project)	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	42,000	42,000
Hainan R&F Yuehai Bay Shore (Lingao Project)	100%	Linlan Bay, Haikou	Residential & Retail	586,240	351,000	351,000
Danzhou R&F Yueshan Lake (Binhe Project)	100%	West of Zhongxing Road, Danzhou	Residential	68,214	161,000	161,000
Hainan R&F The Top (Daying Mountain Project)	100%	Both Sides of Guoxing Avenue, Haikou	Residential, Apartment, Retail & Office	93,948	671,000	671,000
Xiangtan						
Xiangtan Xiangjiang R&F City (Xiangjiang Jiuhua Project)	100%	Jiuhua District	Residential & Retail	1,325,817	3,176,000	3,176,000
Changsha						
Changsha Xirong Plaza	33%	South of Xiandao Road, Yanghu Street	Residential, Apartment & Office	148,265	493,000	163,000
Changsha Furong Xintiandi	100%	Huoju Village, Mawangdui Street	Residential	32,095	161,000	161,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Hengyang						
Hengyang Chuanshan West Road Project	50%	High-tech Development Zone	Residential	59,178	178,000	89,000
Wuhan						
Wuhan Meiqiao R&F Plaza	50%	High-tech Development Zone, Guanggu Donghu	Office, Apartment & Retail	21,754	239,000	120,000
Wuhan R&F Xixi Yueju (Dongxihu District Project)	100%	West of Huanhusi Road	Residential	66,940	298,000	298,000
Tianmen						
Tianmen R&F Cambridge Court (Huiqiao Avenue Project)	100%	Huiqiao Avenue	Residential	79,395	258,000	258,000
Ezhou						
Ezhou R&F Golden Jubilee Yue City (Wenchang Avenue Project)	100%	Wenchang Avenue, Jinxiong Village,	Residential	54,676	188,000	188,000
Fuzhou						
Fuzhou R&F Yueshanhu (Jinshui Lake Project)	100%	Jinshui Lake	Residential, Hotel & Retail	147,631	332,000	332,000
Xiamen						
Xiamen R&F Cambridge Court (Jimei Project)	100%	Jimei District	Residential	12,254	41,000	41,000
Zhangzhou						
Zhangzhou R&F Phoenix Valley (Changtai County Project)	100%	Mayangxi, Changtai County	Residential	179,666	142,000	142,000
Putian						
Putian R&F Shangyue Court	100%	Yingbin Avenue, Licheng District	Residential, Apartment & Retail	132,000	99,000	99,000
Putian R&F Cambridge Court (Xianyou County Project)	100%	Linan County	Residential	66,348	201,000	201,000
Putian R&F Shimao Yunyue No. 1 (Land No. 2)	51%	West of Zhanqian Road	Residential	57,249	167,000	85,000
Putian R&F Shimao Yunyue No. 1 (Land No. 3)	49%	West of Zhanqian Road	Residential	53,288	143,000	70,000
Longyan						
Longyan Jianfa R&F Xiyuan (Dongxiao Project)	40%	Longyan Road, Dongxiao County	Residential	95,925	134,000	53,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Nanping						
Nanping R&F Dijing Jiangwan (Shunchang County Project)	100%	West of Hubin Road, Fuzhou New District	Residential	54,498	160,000	160,000
Nanchang						
Nanchang R&F Golden Jubilee Yue City (Xianghu New Town Project)	100%	Xianghu New Town	Residential	81,374	9,000	9,000
Nanchang R&F Prosperous Palace (Honggutan Project)	100%	Chunhui Road, Honggutan District	Residential & Retail	36,351	147,000	147,000
Jiujiang						
Jiujiang R&F Shangyue Court (Binjiang East Road Project)	100%	Binjiang East Road	Residential	54,000	108,000	108,000
Jiujiang R&F Wenlan Residence	33%	Xunyang District	Residential	40,061	156,000	52,000
Jiujiang R&F Xunyang Mansion	60%	Xunyang District	Residential	48,135	193,000	116,000
Fuzhou						
Fuzhou R&F Shangyue Court (Nanfeng County Project)	100%	Huancheng North Road, Nanfeng County	Residential	50,103	97,000	97,000
Shangrao						
Shangrao R&F Xixi Residence (Guangfeng District Project)	100%	North of Fudong Road, Xiaxi Street	Residential	67,017	179,000	179,000
Shangrao R&F Cambridge Court (Yushan County Project)	100%	Yushan County	Residential	37,487	117,000	117,000
Ganzhou						
Ganzhou R&F Modern City (excluding IP portion)	100%	Rongjiang New District	Residential, Apartment & Office	363,534	709,000	709,000
Chongqing						
Chongqing R&F City	100%	Shapingba District	Residential & Retail	1,981,995	3,302,000	3,302,000
Chongqing R&F Nanshan Mansion	100%	No. 99 Nanshan Road, Nanan Distict	Residential & Retail	79,583	31,000	31,000
Chongqing R&F Bay Shore (Yubei Project)	100%	Yubei District	Residential & Retail	173,630	325,000	325,000
Chongqing Bailuwan (Bishan District Project)	100%	Lvdao New Town, Bishan District	Residential	267,082	375,000	375,000
Chongqing R&F Shangyue Court (Jiangjin Luohuang Project)	100%	Luohuang Industrial Parks, Jiangjin District	Residential	69,633	183,000	183,000
Leshan						
Leshan R&F Shangyue Court (Tongjiang District Project)	100%	Tongjiang District	Residential	57,294	71,000	71,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Ziyang						
Ziyang R&F Tianxi Garden (Tuodong New District Project)	100%	Tuodong New District, Yanjiang District	Residential	40,743	133,000	133,000
Meishan						
Meishan R&F Cambridge Court (Mindong New District Project)	100%	Funiu Avenue, Mindong New District	Residential	176,841	187,000	187,000
Luzhou						
Luzhou R&F Prosperous Palace (Naxi District Project)	100%	Qilin New City	Residential	187,582	721,000	721,000
Guiyang						
Guiyang R&F Center (Chengxin Road Project)	60%	Chengxin Road	Office & Apartment	99,272	103,000	62,000
Guiyang R&F Shangyue Court ("3535" Factory Project)	100%	South of Chongsha Road, Nanming District	Residential	76,178	495,000	495,000
Guiyang R&F Xintiandi (Jinyang Plaza Project)	100%	Guanshanhu District	Apartment & Retail	64,379	317,000	317,000
Kaili						
Kaili R&F Dongnan Residence (Jiaruihe Project)	80%	South of Cotton Spinning Mill	Residential & Apartment	333,696	180,000	144,000
Guilin						
Guilin R&F City	100%	Lingchuan County	Residential	161,745	581,000	581,000
Zunyi						
Zunyi R&F Yuexi Garden (Gongqing Avenue Project)	100%	Honghuagang District	Residential	26,870	88,000	88,000
Kunming						
Kunming R&F Bay Shore (Yangzonghai Project)	100%	Sanying District, Tangchi Street	Residential	154,494	126,000	126,000
Lijiang						
Lijiang R&F Xintiandi (Old Town Tiandi Project)	100%	West of Linli Road	Residential & Retail	63,121	87,000	87,000
Shanghai						
Shanghai R&F Hongqiao No. 10 (Land No. 8) (excluding Hotel portion)	100%	Hongqiao Commercial Core District	Retail & Office	46,095	216,000	216,000
Shanghai Fengxian District Nanqiao New Town Project (excluding Commercial Center)	100%	North of Fengpu Road, Fengxian District	Retail & Office	51,879	230,000	230,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Nanjing						
Nanjing R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	151,000	151,000
Fuyang						
Fuyang R&F City (Yingshang Project)	100%	Chengbei New District, Yinshang County	Residential	77,107	61,000	61,000
Fuyang Dahe Chengzhang (Yingdong Project)	50%	West of Woyang South Road, Yingdong District	Residential	267,608	870,000	435,000
Huaibei						
Huaibei R&F Xiangcheng Residence (Donghu Project)	100%	Longshan Road, Xiangshan District	Residential	94,562	198,000	198,000
Suzhou						
Suzhou R&F City	57%	East of Fuxiao Avenue, Yongqiao District	Residential	86,461	241,000	136,000
Luan						
Luan R&F Cambridge Court (Yu'an District Project)	100%	East of Chibi Road	Residential	81,722	237,000	237,000
Huainan						
Huainan R&F City	100%	East of Zhongxing Road	Residential & Retail	263,884	663,000	663,000
Hangzhou						
Hangzhou R&F Center (Future Science City Project)	100%	Future Science City CBD	Residential, Retail & Hotel	107,516	777,000	777,000
Huzhou						
Huzhou R&F City Yuxi Lake	100%	South of Sunshine Road, Chunan County	Residential	66,824	246,000	246,000
Huzhou R&F Greenland West Lake Mansion	50%	Wuxing District Xihuyang	Residential, Retail & Hotel	90,177	205,000	102,000
Jiande						
Jiande R&F Yujiang Hills (Genglou Street Project)	100%	Genghua Community, Genglou Street	Residential	70,000	86,000	86,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Ningbo						
Ningbo R&F Cambridge Court (Ningda North Project)	100%	Fenghua Road	Residential, Apartment & Office	101,163	219,000	219,000
Ningbo R&F Yuhu Peninsula (Zhenhai New Town Project) (excluding Peninsula Hotel)	100%	Tongxin Road, Zhenhai New City	Residential	65,054	24,000	24,000
Ningbo R&F Yuguan Hills (Cicheng New District Project)	100%	Cicheng New District, Satellite City, Jiangbei	Residential	118,853	303,000	303,000
Taizhou						
Taizhou R&F Xilu (Sanmen County Project)	100%	Chengxi District, Sanmen County	Residential	67,846	178,000	178,000
Suzhou						
Suzhou Swan Harbor Park (Taihu New City Project)	50%	Taihu New City, Wuzhong District	Residential, Office, Apartment & Retail	85,284	341,000	170,000
Wuxi						
Wuxi R&F City	100%	Wuxi New District	Residential & Retail	235,669	21,000	21,000
Wuxi R&F Yunhe No. 10 (Mingliya Project)	100%	Nanhu Avenue, Liangxi District	Residential, Retail & Hotel	123,392	331,000	331,000
Nantong						
Nantong R&F Cambridge Court (Tonglv River South Project)	100%	South of Tonglv River	Residential & Retail	190,621	182,000	182,000
Nantong R&F Hailing Residence (Haian County Project)	100%	Haian County	Residential	116,755	232,000	232,000
Zhenjiang						
Zhenjiang R&F Yangtze River Residence	100%	South of Changjiang Road	Residential	35,069	144,000	144,000
Yancheng						
Yancheng R&F Science and Technology Innovation City (excluding IP portion)	100%	North of Xindu Road	Residential & Retail	832,177	1,930,000	1,930,000
Wenzhou						
Wenzhou R&F City (Kaifa District Binghai Garden Project)	100%	Binjiang Garden, Longwan District	Residential & Retail	132,312	250,000	250,000
Yueqing						
Yueqing R&F Central Park (Land No. 1a & 1b)	100%	South of Chenxi Road, Central District	Residential	66,667	160,000	160,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Jiaxing						
Jiaxing R&F Yunting Yaju	100%	East of Xiuyuan Road	Residential	59,941	166,000	166,000
Jinhua						
Jinhua R&F Sanjiang Duhui (Duohu Project)	100%	South of Duohu Avenue	Residential	74,870	225,000	225,000
Beijing and vicinity						
Beijing Tongzhou R&F Center (Land No. 8-12)	100%	Core Area, Tongzhou District	Office & Apartment	69,796	413,000	413,000
Beijing R&F New Town	100%	East of Daxiang High-way, Xianghe County, Langfang	Residential	932,994	394,000	394,000
Beijing Shoukai R&F No. 10 International (Shunyi District Gaoliying Project)	50%	Gaosi Road, Gaoliying, Shunyi District	Retail	170,200	255,000	128,000
Beijing CCCc R&F Yajun (Yanqing New City Project)	50%	Yanqing New City, Yanqing District	Residential	99,493	346,000	173,000
Beijing CCCc R&F No. 10 Mansion (Yanqing District Convention Centre Project)	50%	Yanqing New City, Yanqing District	Residential & Hotel	59,488	279,000	139,000
Beijing Shunyi District Project	50%	Gaoliying, Shunyi District	Residential	96,885	145,000	73,000
Tangshan						
Tangshan R&F Shengyue Court (Phoenix New Town Project)	100%	Fenghuang New City, Lubei District	Residential, Office & Retail	80,640	39,000	39,000
Tangshan R&F No. 10 (Gongjianfa Project)	100%	Jianshe Road, Lubei District	Residential & Retail	22,157	98,000	98,000
Tangshan Caofeidian R&F City	100%	Caofeidian New City	Residential	285,745	534,000	534,000
Tangshan Lutai R&F City	100%	Lutai Economic Development Zone	Residential	279,085	200,000	200,000
Tangshan Nanhu CBD Project	50%	Lunan District	Residential, Apartment & Retail	222,593	364,000	182,000
Shijiazhuang						
Shijiazhuang R&F Xibo Water Town (Pingshan Project)	100%	Changyuling, Pingshan County	Residential	584,428	553,000	553,000
Shijiazhuang R&F City (Nandou Project)	100%	High-tech Industrial Development Zone	Residential	94,092	180,000	180,000
Shijiazhuang R&F Plaza (Xiumen Project)	100%	Jianshe South Road, Qiaoxi District	Office & Retail	9,805	195,000	195,000
Qinhuangdao						
Qinhuangdao Beidaihe Songshi Project	100%	Beidaihe District	Residential	166,855	67,000	67,000
Qinhuangdao R&F Golden Jubilee (Shanhaiguan District Project)	100%	West of Ganghe	Residential	113,961	197,000	197,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Handan						
Handan R&F Cambridge Court (Ci County Project)	100%	Ci County	Residential	105,123	207,000	207,000
Xingtai						
Xingtai R&F City (Internantional Ecology Village)	100%	Intersection of Xingzhou Avenue and Binjiang Road	Residential	134,403	387,000	387,000
Hengshui						
Hengshui R&F Taolixi (Erzhong Land Project)	75%	Taocheng District	Residential	37,377	120,000	90,000
Cangzhou						
Cangzhou R&F Shangyue Court (Yunhe District Project)	100%	North of Bohai Road	Residential	74,155	195,000	195,000
Tianjin						
Tianjin R&F Jinmen Lake (Meijingwan Project)	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	75,000	75,000
Tianjin R&F Guangdong Building (Tanggu Project)	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office & Retail	23,070	291,000	291,000
Tianjin Jinnan New Town	25%	Xianshui Gu Town, Jinnan District	Residential Retail, Office & Hotel	1,289,227	1,646,000	411,000
Tianjin R&F New Town (Tuanbo Lake Project)	100%	Tuanbo Town, Jingan County	Residential & Retail	1,781,702	2,195,000	2,195,000
Tianjin R&F Edinburgh (Liulinwai Project)	100%	Liulin Waihuan South Road	Residential & Retail	46,666	40,000	40,000
Tianjin Haixi Residence (Land No. 13)	21%	Tuanbo New City West District	Residential	35,827	43,000	9,000
Tianjin Liuhe Ming Zhu (Land No. 14)	18%	Tuanbo New City West District	Residential	36,267	44,000	8,000
Tianjin Quyang Residence (Land No. 57)	33%	Baodi District	Residential	62,970	94,000	31,000
Dongying						
Dongying R&F Boyue Residence (Land No. 14)	100%	East of Dongsi Road, Dongying District	Residential	74,685	32,000	32,000
Dongying Kaifa District Project	10%	Kaifa District	Residential	60,453	79,000	8,000
Heze						
Heze R&F City (Renminlu Project)	100%	South of Minjiang Road	Residential	191,062	530,000	530,000
Zouping						
Zouping R&F City	100%	West of Liquan Seven Road	Residential	93,524	210,000	210,000
Zouping Liquan Project	100%	East of Liquan Seven Road	Residential	41,187	95,000	95,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Qingdao						
Qingdao Business Park	70%	South of Airport Road, Chengyang District	Retail,Office & Hotel	143,739	214,000	150,000
Zibo						
Zibo R&F Wanda Plaza (excluding shopping mall)	100%	North of Zhongrun Avenue	Residential & Retail	135,038	397,000	397,000
Dezhou						
Dezhou R&F City (Ningjin County Kangning Lake Project)	100%	South of Kangninghu	Residential	89,681	240,000	240,000
Weihai						
Weihai R&F City	100%	West of Yinchuan Road	Residential & Retail	183,759	258,000	258,000
Xian						
Xian R&F Global Merchandise Center (Xixian New District Project)	80%	Xixian New District	Office & Hotel	94,490	159,000	127,000
Xian R&F Kaiyuan City (Tumen Resettlement Project)	100%	West of Huiminfang	Residential	117,095	1,006,000	1,006,000
Baoji						
Baoji R&F Bay Shore (Gaoxin Avenue Project)	100%	Gaoxin Avenue	Residential	46,064	206,000	206,000
Taiyuan						
Taiyuan R&F City	100%	No. 3 Jinan East Street, Xinhua Ling District	Residential & Retail	1,056,200	205,000	205,000
Taiyuan R&F Prosperous Palace	100%	No. 9 Jiefang Road North	Residential & Retail	237,601	438,000	438,000
Taiyuan R&F Hills (Mengshan Project)	100%	Jinyuan District	Residential & Retail	281,806	338,000	338,000
Taiyuan R&F City Garden No. 8 (Dunhuafang Project)	100%	Xinghualing District	Residential & Retail	188,744	340,000	340,000
Taiyuan R&F Tianxi City (Daxiao Dongliu Project)	100%	Jiancaoping District	Residential & Retail	512,772	2,009,000	2,009,000
Taiyuan R&F Bay Shore (Xizhai Village Project)	100%	Xizhai Village, Jinyuan District	Residential	89,628	120,000	120,000
Taiyuan R&F Golden Jubilee City (Longbao Project)	100%	Longbao County, Xiaodian District	Residential	197,927	703,000	703,000
Taiyuan R&F Yipin	100%	North of Longcheng Avenue	Residential & Retail	28,455	130,000	130,000
Taiyuan R&F Junyue Residence	100%	South of Jiankang South Road	Residential	78,763	237,000	237,000
Datong						
Datong R&F City	100%	South of Yunzhou Street	Residential & Retail	708,112	1,324,000	1,324,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Linfen						
Linfen R&F Bay Shore (Gongchenyuyuan Project)	100%	East of Binhenaner Street	Residential	98,069	318,000	318,000
Changzhi						
Changzhi R&F Shangyue Court	100%	West of Yanan South Road	Residential	57,547	235,000	235,000
Weinan						
Weinan R&F City	100%	Guangchang West Road, Gaoxin District	Residential	257,361	909,000	909,000
Harbin						
Harbin R&F Jiangwan New Town (excluding Ritz-carlton and Shopping Mall)	100%	Youyi West Road, Daoli District	Residential, Retail & Hotel	120,574	240,000	240,000
Harbin R&F City	100%	Songbei District	Residential & Retail	399,198	492,000	492,000
Shenyang						
Shenyang R&F Royal Villa	100%	Huangshan Village, Taoxian County, Dongling District	Residential	373,406	28,000	28,000
Shenyang R&F International Finance Center (Shenhe District Project)	100%	No. 7 Youhao Road, Shenhe District	Residential, Office & Retail	29,250	372,000	372,000
Shenyang R&F Xingyue Bay Shore (Shenbei New District Project)	100%	Shenbei New District	Residential	373,092	237,000	237,000
Shenyang R&F Cambridge Court (Outlets Project)	100%	West of Shangbo Outlets, Shenbei New District	Residential	193,788	430,000	430,000
Shenyang R&F Shengyue Court	100%	Shenbei New District	Residential	199,198	387,000	387,000
Anshan						
Anshan R&F Kaixuanmen	100%	Garden Street, Tiedong District	Residential	37,766	158,000	158,000
Anshan R&F City (Tiedong Yingzi City Project)	100%	West of Wanfang Road, Tiedong District	Residential	509,692	1,086,000	1,086,000
Tieling						
Tieling New Town Center Project	100%	Administrative Core Area, New District	Retail	255,524	457,000	457,000
Tieling R&F Four Seasons Peninsula (Lianhua Lake Project)	100%	South of Lianhuahu	Residential	884,185	832,000	832,000
Dalian						
Dalian R&F Dongdi Wanpan (Xiaoyaowan Project)	100%	Xiaoyaowan, Jinzhou District	Residential & Retail	389,308	856,000	856,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Baotou						
Baotou R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	746,000	746,000
Baotou R&F Prosperous Palace (Kunqu North Minzhu East Road Project)	100%	Northern District, Kundulun District	Residential	84,496	121,000	121,000
Baotou R&F Cambridge Court (Donghe Project)	100%	Beiliangyilu, Hedong District	Residential	288,669	538,000	538,000
Baotou R&F Hills (Shiguai District Project)	100%	Shiguai District	Residential	186,215	210,000	210,000
Baotou R&F Xiyue Court (Qingshan District Project)	100%	South of Binhe Road	Residential & Retail	41,924	108,000	108,000
Baotou Binhe New District Project	65%	West of Wenchang Road	Residential	176,449	406,000	264,000
Huhhot						
Huhhot R&F City (Baoquanzhuang Project)	100%	South of Xiaoheihe, Saihan District	Residential	72,274	8,000	8,000
Huhhot R&F Prosperous Palace (Huimin District Project)	100%	Huimin District	Residential	138,224	427,000	427,000
Huhhot R&F Shangyue Court (New City District Haoqinying Project)	100%	South of Hongshan Road	Residential	48,086	96,000	96,000
Huhhot Donger Daohe Project	100%	South of Binhe South Road	Residential	56,008	123,000	123,000
Tongliao						
Tongliao R&F Shangyue Court (New City Project)	100%	New District, Tongliao	Residential	71,064	227,000	227,000
Tongliao R&F City	100%	High-tech Development Zone	Residential	593,387	1,199,000	1,199,000
Ulanqab						
Ulanqab R&F Bay Shore (Jining Project)	100%	Jining District	Residential	163,744	373,000	373,000
Urumqi						
Urumqi R&F City (Shuimohe Project)	100%	Shuimohe, Huizhan District	Residential	440,895	1,364,000	1,364,000
Zhengzhou						
Zhengzhou Wulong New Town (Wulongkou Project)	45%	Wulongkou South Road, Zhongyuan District	Residential	163,854	311,000	140,000
Zhengzhou R&F Jianye Shangyue Court (Huayuankou Project)	45%	Zhongzhou Avenue, Jinshui District	Residential & Retail	106,788	449,000	202,000
Puyang						
Puyang R&F Shangyue Court (Puyang County Project)	100%	Northern District, Puyang County	Residential	132,797	391,000	391,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale						
China						
Kaifeng						
Kaifeng R&F Bay Shore (Bian West Lake Project)	100%	Bian West Lake, Bian West New District	Residential	101,385	281,000	281,000
Malaysia						
Johor Bahru						
Malaysia Johor Bahru R&F Princess Bay Shore	100%	Johor Bahru	Residential, Office & Retail	400,000	3,417,000	3,417,000
Australia						
Melbourne						
Melbourne R&F Kinnears Live City (Footscray Project)	100%	124-188 Ballarat Street	Residential & Retail	33,288	145,000	145,000
Melbourne Boxhill Project	100%	Boxhill	Residential	1,457	28,000	28,000
Brisbane						
Brisbane West End Project	100%	3-9 Buchanan Street and 25 Donkin Street	Residential & Retail	16,800	145,000	145,000
Brisbane Springfield Project	100%	North of Central Springfield	Residential	467,304	1,165,000	1,165,000
Brisbane R&F Maison (Rochdale Project Land 1)	100%	Rochedale District	Residential	91,530	34,000	34,000
United Kingdom						
London						
London R&F Queen's Square Croydon Project	100%	Croydon District, South of London	Residential	22,300	114,000	114,000
London Vauxhall Project	100%	Nine Elms New District	Residential, Retail, Office & Hotel	13,700	148,000	148,000
London Nine Elms Square Project	50%	Nine Elms New District	Residential	41,000	242,000	121,000
London One Project (including hotel)	100%	Nine Elms New District	Residential, Retail, Office & Hotel	8,400	143,000	143,000
Cambodia						
Phnom Penh						
Phnom Penh R&F Prosperous Residence (Monivong Boulevard Project)	100%	Chamkarmorn District	Residential	15,192	212,000	212,000
Phnom Penh R&F City (Hongsen Avenue Project)	100%	Chamkarmorn District	Residential	77,243	548,000	548,000
Korea						
Incheon						
Incheon Yongzong Island Project Phase 2 (Residential Portion)	100%	Yongzong Island	Residential	50,807	203,000	203,000

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
Guangzhou International Airport R&F Integrated Logistics Park	Guangzhou R&F Jingang City	Logistics Park	975,000	975,000
International Grand City#	Pearl River New Town Liede Village	Shopping mall	89,400	29,800
Shiling (International) Leather and Leather Products Center#	Shiling Avenue, Shiling Town, Huadu District, Guangzhou	Industry Park	113,400	90,700
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road,Tianhe District	Retail	43,000	43,000
R&F West Garden Shopping Mall	Huanshi Xi Road, Liwan District	Retail	4,000	4,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	19,600	19,600
R&F Modern Plaza – Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	34,500	34,500
Beijing				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	100,100	100,100
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
Chongqing				
R&F Ocean Plaza (Retail)	R&F Ocean Plaza	Shopping mall	72,700	72,700
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District, Dalian, Liaoning Province	Office building	93,100	93,100
Johor Bahru, Malaysia				
R&F Mall Johor Bahru Malaysia	R&F Princess Cove, Malaysia	Shopping mall	80,900	80,900
Others			326,400	326,400
Total investment projects under operation			**2,520,300**	**2,438,000**

Joint Venture Project

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
China			
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,600
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Beijing Temple Of Heaven	R&F Xinran Court/Plaza	320	16,000
Wanda Realm Beijing	Shijingshan Road, Shijingshan District	312	43,500
Tianjin			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
Huizhou			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	366	56,400
InterContinental Huizhou Resort Hotel	R&F Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	R&F Hot Spring Valley	32	13,800
DoubleTree Resort by Hilton Huizhou	Huizhou R&F Bay Shore	308	48,700
Chongqing			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree By Hilton Chongqing Wanzhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400
Chengdu			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
Tianfu Square Serviced Suites by Lanson Place	Yanshikou, Chengdu	162 serviced apartments	24,200
Hainan			
DoubleTree Resort by Hilton Hainan - Chengmai	R&F Mangrove Bay	305	44,500
Xiangshui Bay Marriott Resort & Spa	R&F Bay Shore	448	66,400
Xi'an			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Harbin			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
Nanning			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
Shangrao			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
Yiwu			
Wanda Realm Yiwu	Xinke Road	288	37,900
Urumqi			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
Bozhou			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
Xining			
Wanda Realm Xining	Xichuan South Road, Chengxi District	310	42,600
Siping			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
Zhengzhou			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600
Huhhot			
Wanda Vista Huhhot	Xinhua East Street, Saihan District	315	42,900
Liuzhou			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600
Fuyang			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Tai'an			
Wanda Realm Taian	Taishan Street	285	41,600
Dongying			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
Anyang			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800
Huangshi			
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
Neijiang			
Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
Guangyuan			
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
Bengbu			
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
Wuhu			
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
Jiangmen			
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
Longyan			
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
Kunming			
Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
Lanzhou			
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700
Jingzhou			
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000
Ma'anshan			
Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Dongguan			
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
Changzhou			
Wanda Realm Changzhou	Huayuan Street, Wujin District	250	34,200
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District	250	37,800
Jinhua			
Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
Jining			
Wanda Realm Jining	Taibai East Road	279	36,500
Chifeng			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
Ningbo			
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700
Qingdao			
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100
Wuxi			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
Xiangyang			
Crowne Plaza Xiangyang	Changhong North Road	303	43,000
Yichang			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
Fuzhou			
The Westin Fuzhou Minjiang	Jiangbin Middle Avenue, Taijiang District	310	49,300
Hefei			
Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,400
Wuhan			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200
Zhenjiang			
Sheraton Zhenjiang Hotel	Beifu Road, Runzhou District	289	43,300

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Shijiazhuang			
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800
Jinan			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
Langfang			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900
Daqing			
Sheraton Daqing Hotel	Dongfeng New Village,Sartu District	290	43,000
Taizhou			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
Tangshan			
InterContinental Dalian	Wenhua Road, Lunnan District	287	47,500
Dalian			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100
Ningde			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
Quanzhou			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
Changsha			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
Huai'an			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
Yixing			
Le Meridien Yixing	Yangxian East Road	280	42,100
Shenyang			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
Fushun			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Nanchang			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
Yinchuan			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
Dandong			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
Nanjing			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100
Weifang			
Pullman Weifang	Fushou East Street	271	36,800
Qiqihar			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
Total 90 hotels under operation		**27,173**	**3,952,200**

* Joint Venture Project

Executive Directors	Li Sze Lim Zhang Li Zhou Yaonan Lu Jing
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
Supervisors	Chen Liangnuan Liang Yingmei Zhao Xianglin
Authorized Representatives	Li Sze Lim Lee Michael
Joint Company Secretaries	Lee Michael Cheung Sze Yin
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	22 August 2019
Interim dividend paid	25 October 2019
Final results announcement	26 March 2020
Closure of register of members (for the entitlement of attending the annual general meeting)	29 April to 29 May 2020 (both days inclusive)
Annual general meeting	29 May 2020
Closure of register of members (for the entitlement of dividend)	4 June to 10 June 2020 (both days inclusive)

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35
2016	13.98	7.58
2017	21.65	9.20
2018	23.85	11.22
2019	17.6	11.16

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only