JINMAO 中国金茂

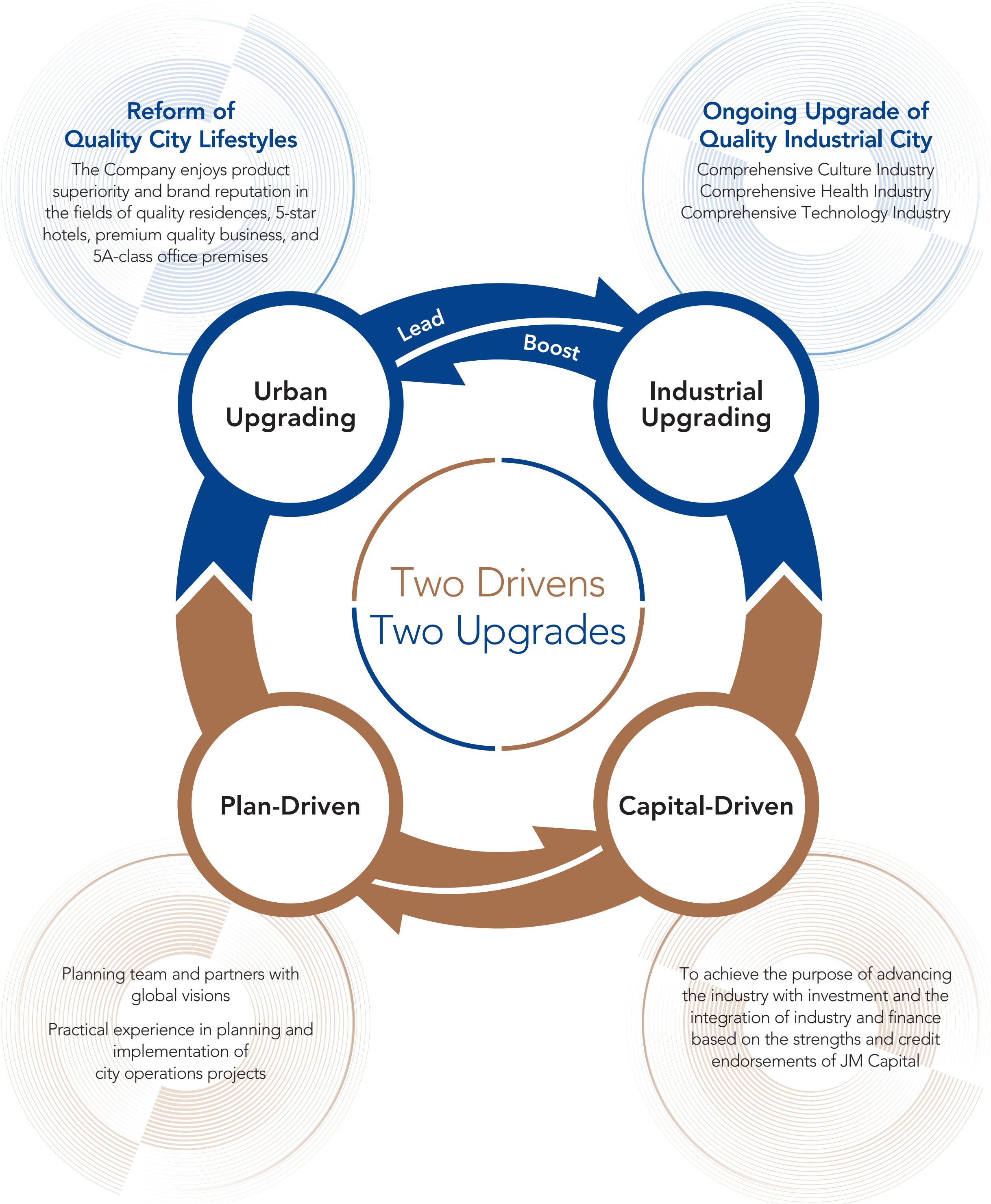
CHINA JINMAO HOLDINGS GROUP LIMITED
(Incorporated in Hong Kong with limited liability)

Stock Code: 00817

Unleashing Future Vitality of the City

ANNUAL REPORT 2019

A SINOCHEM Company



Reform of Quality City Lifestyles
The Company enjoys product superiority and brand reputation in the fields of quality residences, 5-star hotels, premium quality business, and 5A-class office premises
Ongoing Upgrade of Quality Industrial City
Comprehensive Culture Industry
Comprehensive Health Industry
Comprehensive Technology Industry
Lead
Boost
Urban Upgrading
Industrial Upgrading
Two Drivens
Two Upgrades
Plan-Driven
Capital-Driven
Planning team and partners with global visions
Practical experience in planning and implementation of city operations projects
To achieve the purpose of advancing the industry with investment and the integration of industry and finance based on the strengths and credit endorsements of JM Capital

JINMAO 中国金茂

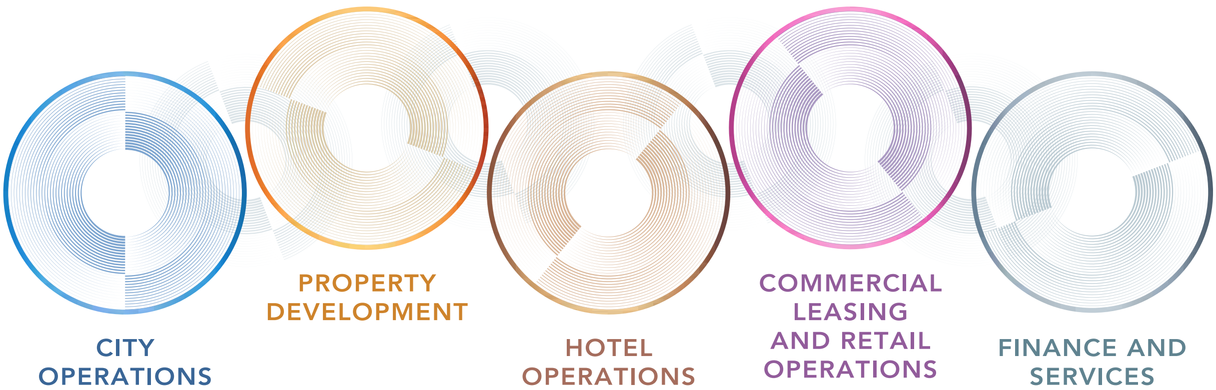
Contents

Company Overview

China Jinmao Holdings Group Limited ("China Jinmao" or the "Company") is a platform enterprise under the real estate and hotel segments of Sinochem Group Co., Ltd. ("Sinochem Group"), one of the world's top 500 enterprises. On 17 August 2007, China Jinmao was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") (Stock Code: HK.00817). It is now one of the component stocks of the Hong Kong Hang Seng Composite Index. Sinochem Group is one of the state-owned enterprises that is approved by the SASAC of the State Council to engage in property development and hotel operations as one of its principal businesses.

In adherence to the vision of "Unleashing Future Vitality of the City", China Jinmao holds on to the direction of high-end positioning and premium quality and endeavours to become a leading city operator in China by capitalising on the quality leadership-oriented "two-wheel and two-wing driven" development strategy with focus on the model of "two-driven and two-upgrade" city operations. Based on its foresight on city potentials, China Jinmao integrates the world's leading premium resources and introduces the concept of mutually beneficial city planning to achieve overall enhancement in regional functions and city vitality. Currently, China Jinmao has succeeded in entering China's rapidly developing regions including the Beijing-Tianjin-Hebei Metropolitan Region, the Yangtze River Delta and the Pearl River Delta. The Company develops and holds more than 200 projects in 49 core cities including Beijing, Tianjin, Shanghai and Guangzhou.

Capitalising on the synergies and integration strengths between the segments, China Jinmao has created a series of high-end products featuring "Jinmao" brand. The "green gold label" standard of its "green technology and Jinmao quality" has become a unique quality gene and inherent brand feature of "Jinmao" series products and redefined high-end quality in the industry.



ADHERING TO THE STRATEGIC POSITIONING OF "CITY OPERATOR"

The Company will fully utilise its experience in city operations, hold on to planning-driven as traction and capital-driven as cornerstone to drive city upgrade and industry upgrade, and work with governments to shape a new city core.

Planning-driven

Actively capitalise on the Company's professional expertise in planning to achieve function diversification, high-end oriented industry and city internationalization based on integrated, systematic, forward-looking and scientific planning.

Capital-driven

To achieve the purpose of advancing the industry with investment and the integration of industry and finance based on the strengths and credit endorsements of JM Capital Limited ("JM Capital").

Industry upgrade

Focus on the three major industries namely big culture, big healthcare and big technology while capitalising on its leading force of Beijing Jinmao Green Building Technology Co., Ltd. ("Jinmao Green Building") in science and technology industry, actively study the logistics industry, and drive industry upgrade of cities via industry cooperation and incubation.

City upgrade

Leverage on the Company's accumulated product strengths and brand influence in areas of quality residence, high-end hotel, premium retail and 5A office building to drive consumption upgrade and functional upgrade of cities.

IN SCIENCE WE TRUST WITH FOCUS ON INNOVATION-DRIVEN TRANSFORMATION

The Company will continue to follow the principle of "In Science We Trust and Unity in Knowledge and Action", with a focus on "green health" and "smart technology", and adhere to customer-centric and technology-driven product upgrade to drive technological innovation and product upgrade.

CONTRACTED SALES AMOUNT
(RMB million)

2019 160,807
2018 128,000

CITY OPERATIONS AND PROPERTY DEVELOPMENT

Strong Performance

City operations projects and property development projects with an area yet to be delivered of approximately 57.14 million square metres and approximately 27.28 million square metres respectively

During the Year, sales results of the projects were good, contracted sales amount increased by 26% year-on-year, and land reserves were expanded with the successful acquisitions in Wenzhou, Zhangjiagang, Nanjing, Changsha, Shantou, Weifang, Yiwu, Qingdao, Chongqing, Baoding, Beijing, Weihai, Hefei, Fuzhou, Hangzhou, Zhengzhou, Nanchang and Guiyang

COMMERCIAL LEASING AND RETAIL OPERATIONS

Stable Income

Eleven major investment properties with a total gross floor area of approximately 790,000 square metres. High rental level and high occupancy rate of the Group's investment properties, outperforming its peers

RENTAL REVENUE
(RMB million)

2019 1,446.8
2018 1,449.8

HOTEL REVENUE
(RMB million)

2019 1,967.1
2018 2,047.9

HOTEL OPERATIONS

Industry Leader

Ten luxury hotels offering 3,968 guest rooms

The hotels actively sought market opportunities and maintained a leading position among their competitors within the region.

Major Events

JANUARY 2019

- The Company and the Government of Dongli District, Tianjin City entered into the Cooperation Agreement for China Jinmao • Smart Science City
- The third Grand Banquet China themed "Meet with Friends, Salute to Classics" of the Company held at Wuhan
- The Company won the bid for the first batch of land parcels nos. HX040619A and HX040702 for the Qingdao Jimo International Smart New City Project
- The Company won the bid for the first five batches of land parcels for Wenzhou Rui' an city-industry Integration Project
- The Company has Project won the bid for the first six batches of land parcels for the newly launched area of Zhangjiagang Smart Science City

MARCH 2019

- The Company won the bid for land parcel no. 2019G05, Tangshan Spa & Wellness Town Phase I, Jiangning District, Nanjing

APRIL 2019

- The land use rights for the land parcel no. J-12 for Jinmao Changsha Meixi Lake International New City underwent the process of listing for sale
- The Company was invited to the 15th International Conference on Green and Energy-Efficient Building and was appointed as the host of the "zero-carbon" city operations subforum

MAY 2019

- The Company attended the 2019 Langfang International Economic and Trade Fair and entered into the strategic cooperation agreement with the People's Government of Langfang, Hebei and China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮公司).
- The Company and the People's Government of Yueyang entered into the strategic cooperation agreement on Phase I of the Dongfeng Lake New Area Project and has won the land parcels no. I-6# for Phase I of the Project

JUNE 2019

- The Company has won the land parcel no. WG2019-4 of Jinfeng Peninsula in Jinping District, Shantou
- The Company has won the land parcel no. 2018-BS09 of Weifang Free Trade Zone

JULY 2019

- The Company announced the strategic placing in which Ping An Group became the second largest shareholder of the Company
- The Company completed the issuance of the ten-year senior guaranteed notes of US$500,000,000
- The Company completed the issuance of the real estate investment trusts (REITs) for the office portion of North Tower of Changsha Meixi Lake Jinmao Plaza

SEPTEMBER 2019

- The Company won the bid for the first batch of land parcels no. HD2019-3133/3134 for the Qingdao West Coast Innovation and Technology City Project

OCTOBER 2019

- The Company and the People's Government of Wuhu entered into a strategic cooperation agreement
- The Company held the Fourth Grand Banquet China in Shenzhen
- The Company launched the product show of J•Maker (金茂建築科技) and signing ceremony of the strategic agreement
- The Company won the bid for the fourth batch of seven land parcels for the Qingdao China-Europe International City
- The Company won the bid for five land parcels no. HD0701-003/004/005/006/007 for the Qingdao Eden Project

NOVEMBER 2019

- The Company won the bid for the land parcel no. 606A for Qingdao Jimo International Smart New City Project
- The Company won the bid for the land for the Old Village Project at Weihai Economic and Technological Development Zone
- The Company won the bid for the Phase I land parcels of the Nanfan Technology City in Sanya

DECEMBER 2019

- The Company and Henan Yicheng Holdings Company Limited entered into the cooperation agreement on Zhengzhou Erqi District of Mazhai New City Project
- The Company and the People's Government of Qingzhen, Guiyang entered into the Guiyang Crystal Smart New City Project
- The Company and the People's Government of Hanyang, Wuhan entered into the Wuhan Fangdao Smart Science City Industrial Fair and signing ceremony of the industrial cooperation agreement
- The Company won the bid for the first batch of land parcel for the City Operation Project of Coastal New City of Changle District, Fuzhou
- The Company won the bid for the land parcel no. 73 for Qinwang City Operation Project (Complex) in Fuyang District, Hangzhou

Corporate Information

COMPANY NAME

China Jinmao Holdings Group Limited

PRINCIPAL OFFICE

Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS

Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. AN Hongjun

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose, G.B.S., J.P.
Mr. SU Xijia
Mr. GAO Shibin

CHIEF FINANCIAL OFFICER

Mr. JIANG Nan

QUALIFIED ACCOUNTANT

Mr. LIAO Chi Chiun

COMPANY SECRETARY

Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES

Mr. LI Congrui
Mr. JIANG Nan

LEGAL ADVISORS

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Central, Hong Kong

STOCK CODE

00817

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Financial Highlights

	2019 (RMB million)	2018 (RMB million)	Percentage change (%)
Revenue	**43,355.9**	38,732.7	12
Gross profit	**12,764.7**	14,538.2	-12
Profit attributable to owners of the parent – excluding fair value gains on investment properties (net of deferred tax)	**6,114.8**	5,084.1	20
Add: fair value gains on investment properties (net of deferred tax)	**337.4**	126.8	166
Profit attributable to owners of the parent	**6,452.2**	5,210.9	24
Total assets	**326,148.5**	271,638.2	20
Equity attributable to owners of the parent	**39,372.2**	35,796.2	10
Basic earnings per share (RMB cents)	**55.38**	45.28	22
Basic earnings per share – less fair value gains on investment properties (net of deferred tax) (RMB cents)	**52.49**	44.17	19
Dividend (HK cents) (Note 1) – final and interim dividend per share	**23.00**	22.00	5
Net debt-to-adjusted capital ratio (%) (Note 2)	**74**	71	N/A

Note 1: Interim dividend of HK12 cents per share and final dividend of HK11 cents per share (totalling HK23 cents per share) for 2019. Interim dividend of HK12 cents per share and final dividend of HK10 cents per share (totalling HK22 cents per share) for 2018.

Note 2: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances – certain other financial assets)/(total equity + the Company's amounts due to the immediate holding company).

Chairman's Statement

Adhering to the principle of "In Science We Trust", China Jinmao endeavours to strengthen its positioning as a city operator and continues to push ahead the "two-wheel and two-wing driven" development strategy with a focus on "green health" and "smart technology" to drive technological innovation and product upgrade, enrich the business model that features in city operations as our core and continue to push ahead the implementation of strategy execution system, so as to accelerate the realisation of the goal of becoming the first-tier team in the industry in terms of overall strength.

Chairman
NING Gaoning

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Jinmao, I am pleased to present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2019 (the "Period under Review", "Reporting Period", "2019" or the "Year") for your review.

In 2019, China was going through a critical period of evolving development models, optimisation of its economic structure and changing growth drivers, its economy was entangled in structural, systematic and cyclical issues and confronted with increasing downward pressure. Control measures or the real estate industry upheld the principle of "homes are for living in, not for speculation", with a focus on the aim to "stabilise land prices, housing prices and market expectations". The implementation of regulating measures were tailored to different cities to ensure stable market development has become the new normal of control, while the real estate market was growing even more competitive. Despite severe external business environment, by following the principle of "In Science We Trust and Unity in Knowledge and Action", China Jinmao focused on city operations, upheld innovative development and enhanced the practice of achieving expected standards, and continuously improve quality and efficiency. As such, we have realised steady growth in operating results and profit during the Year. During the Reporting Period, the profit attributable to owners of the parent amounted to RMB6,452.2 million, representing a year-on-year increase of 24%; and profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB6,114.8 million, representing a year-on-year increase of 20%.

The Company remained committed to its strategies and continued to consolidate its positioning as a city operator and focus on the" two-wheel and two-wing driven" core businesses. The Company pushed ahead strategic and organisational upgrade through innovation and mechanism as the driving forces to achieve continuous enhancement of the Company's comprehensive strength.

As to strategic upgrade, the Company remained committed to its positioning as a city operator. Leveraging on opportunities represented in the "Year of City Operations", we kept refining our city operation implementation system to enrich the contents of city operations under the principle of "In City We Gather People and Boost Business". Guided by city map and through systematic research, we were able to discover city development opportunities, explore potential needs and deepen the win-win model of government-enterprise cooperation. By pooling in industry resources and through various means including business incubation, resource cooperation and technological R&D, we mobilised the implementation of resources from big technology, big culture and big health industries as well as industry PE investment projects. In 2019, the Company formally proceeded with 7 city operation projects in places including Wenzhou, Jiaxing, Hangzhou, Zhengzhou, Wuxi, Yueyang and Fuzhou, reaching a total of 20 projects. While the Company was actively following sate strategies including the Yangtze River Economic Belt, and the integration of Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, the Company with the image as a city operator has won wide recognition. **In addition, the Company has been keen to build its own commercial IP**, and through comprehensive achievement of all expected standards as well as in-depth research and discussion, formed commercial development strategies with "CPI" at its core, namely strategies that centre on consumer insights, linkage without borders, innovations through digital and green technology, to build the Company's core competitiveness in its commercial businesses. In 2019, we were preparing for the successive launch of Zhangjiagang Mall of Splendor and Qingdao Mall of Splendor by leveraging on its city operation projects. Meanwhile, we have been actively adjusting and upgrading our ongoing projects. In particular, Nanjing Jinmao Place and Changsha Mall of Splendor realised an increase of revenue by 25% and 16%, respectively, aided by positioning upgrade and brand value optimisation, and the Company's commercial brand presence is rapidly gaining ground. While driving business development with strategic upgrade, **the Company continued to strengthen the balance between business scale and efficiency.** Firstly, we continued to uphold the principle of "appropriate scale". In 2019, the Company secured a contracted sales amount of RMB160.8 billion and ranked among the top 20 in the industry for the first time. While consolidating its position in the industry, the Company persisted in the investment principle of "focus on penetration and quality first and quantity second", successfully establishing presence in 9 new cities and acquiring 60 projects since 2019, half of which were obtained at the bottom price with an average premium rate of only 10.3%, laying the foundation for efficiency improvement. Secondly, we continued to enhance "high efficiency" with an emphasis on both short-term development profit and long-term operating gains. Business development is targeting at operating efficiency. In 2019, the Company's cycle of initial launch was further shortened as compared to that of 2018, and the cycle for our Shareholders' investment return in landmark projects was also shortened by 2 months. Performance of the Company's property holding projects including hotels and office buildings maintained in the top-tier among the competing portfolios, with 2 hotels managed with light assets opened in 2019. The Company continuously expands its income sources by exploring asset-light business models. Our service businesses in property and green building were ranked among the TOP 3 of CREIS High-End Leading Property Enterprises in China (CREIS中國高端物業領先企業TOP3) and rated AAA for Real Estate Enterprises in Green Credit by Green Ranking (「標準排名」房企綠色信用指數AAA單位), respectively. Based on the foregoing, the Company has gradually created its competitive edge and enriched profitability models for city operations. Thirdly, we have been committed to quality-first business strategies, with a focus on quality improvement. The score for actual measurement of our projects and residential customer satisfaction rate were among or approximate to benchmark levels in the industry. As such, the Company could secure better product premium and ensure the realisation of higher profitability.

As to drivers for innovation, the Company insisted on enhancing its core competitiveness by investing in innovation and strove to cultivate independent R&D capabilities featuring in "green health" and "smart technology" and build a "moat" around the Company's business through technological empowerment. In 2019, the Company created a platform for industrial, academic and research cooperation and initiated its first academician workstation. Investment in technological R&D has increased significantly. For example, the bivalent vortex heat pumps (雙級渦旋熱泵) and heat source tower heat pumps (熱源塔熱泵) we developed and produced for energy saving in buildings were first seen and have filled gaps in the relevant fields in the country. Meanwhile, the Company actively brought the advantages of "Investment+" into play and stepped up mergers and acquisitions of enterprises pursuing relevant technological innovations. In 2019, we concluded the first technological PE investment project. Yunji Technology (雲跡科技), a company that we invested in, have quickly had its applications put to use in the Company's hotels/properties, and we have been empowering our principal business in real estate through technology. **The Company adhered to customer-centric and technology-driven product upgrade.** Through the "Ji Chuang Yi" (「極創意」) platform, we linked up the customer end and the R&D end across the smiling curve via a closed-loop mechanism of client needs, and expedited the implementation of smart home and smart community technologies in a number of projects to build healthier, more comfortable and smarter Palace series products. With guaranteed quality with the support of 12 major technology systems and social ancillary equipments, we continued to improve competitiveness for our Residence series products in key aspects such as healthy community, child development and AI application at home, etc. **The Company accelerated the establishment of the high-throughput innovation incubation system.** In 2019, the Company incubated innovative projects such as Jinmao Education (金茂教育), building technology and smart property, whereby we explored key industries that accord with the full life cycle development of cities. These projects will better stimulate the upgrade of cities and industries, and create a sustainable ecosphere for city operation.

As to organisational upgrade, the Company adhered to the high-efficiency culture of "looking for deficiencies". We explored organisational and management models that match the current development requirements of the Company through comprehensive market benchmarking. On one hand, based on the position of the headquarters as the centre of major decision-making, the centre of resource allocation, the centre of shared services and the centre of front-line support, we pushed for the transformation of the management functions of our headquarters. The Company has always been persistent in its customer-oriented approach, so that it has set up a customer service committee to strengthen customer research and insight, with a persistent focus on lean management of cost, optimisation of the cost management structure and improvement of the functions of the product management centre. On the other hand, the Company adhered to a three-level structure with two-level management and continued to delegate authority to the front-line and urge each unit and function to increase decision-making and management efficiency. With organisational upgrade, the Company will ensure steady growth in its business development and results.

As to drivers for mechanisms, the Company is firm in complying with the requirements promulgated by the State Council with respect to mixed-ownership reform of state-owned enterprises. While maintaining its state-owned enterprise status, the Company will endeavour to become a market-based firm to the extent possible. The Company will continue to optimise its corporate governance structure to enhance its operational efficiency and competitiveness within the industry. In 2019, the strategic investment from Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance") as our second largest shareholder was completed, which further strengthened the synergetic influence of our shareholders and our political edge as a state-owned enterprise. We also managed to integrate cooperation of resources from industries in finance, healthcare and technology and continued to consolidate our competitive edge as a "city operator". The Company is adherent to the dual matching of results and incentives and actively carried out the value-oriented, competence-centred and results-based management model that incentivises excellent performance. We will increase mid-to-long-term incentive instruments including project co-investments and share options to motivate our employees to work with passion, responsibility and creativity, which will create greater value and truly realise the aspiration of "creation, sharing and growth together" between the Company and its employees.

As a state-owned enterprise and a listed company, China Jinmao also attaches great importance to and takes a proactive approach in fulfilling its social responsibilities by actively engaging in environmental protection, charity and other public welfare activities. The Company remains committed to its green strategy and specialises in city operation projects as its main carrier, and has achieved significant results in its smart energy business with effective energy saving and environmental protection. Such business can save approximately 150,000 tonnes of standard coal per year after production capacity is achieved, cutting CO_2 emissions equivalent to 380,000 tonnes of standard coal, 2,200 tonnes of SO_x and 2,000 tonnes of NO_x. China Jinmao was ranked first in the "2019 Top 10 Most Competitive Green Property Developers" and was awarded the "2019 Top 10 Most Competitive Green Commercial Property Operators" on the 21st 2019 China International Real Estate and Architectural Technology Fair (CIHAF); Future Jinmao Palace won CIHAF's Top 10 Green Projects of the Year. As of 2019, the Company has cumulatively obtained 170 green building labels of various categories, which accounted for more than 90% of the total developed projects and continued to enhance Company's leading position of green influence in the industry. Meanwhile, the Company proactively participated in public welfare and poverty alleviation work, in which the Company has cumulatively made donations to the construction of 20 mobile libraries, supported the construction of 45 schools, made donations to 25 schools and supported the construction of 7 healthcare facilities in deprived regions across Yunnan, Guizhou, Chongqing, Qinghai and Inner Mongolia. The Company also undertook the planning and design for featured towns and villages in Kamba County, Tibet, and set up "new mobile training stations for farmers and herdsmen" in three deprived villages in Ar Horqin Banner, Inner Mongolia, which received positive social response.

Looking ahead, the unexpected outbreak of the COVID-19 epidemic in early 2020 continues to take its toll. International trade is clouded in uncertainties. China's economy is under growing downward pressure. To ensure steady economic growth while making progress, more aggressive fiscal and monetary policies will follow. Regarding the real estate industry, "homes are for living in, not for speculation" remains the leading principle for control measures, regulating measures tailored to different cities are fully in play, and the objectives to promote the stable and healthy development of the industry through the long-lasting mechanism of "stabilising land prices, housing prices and market expectations" remain unwavered. The emerging policies to stabilise the economy in a range of cities and financial and fiscal policies to support land supply and reasonable housing demand will bring new opportunities for industry to recover and revive. Meanwhile, after the epidemic ends, consumers will become more aware of their housing and living environment as well as property and living services. Therefore, property developers that attend to green health and smart technology will enjoy greater development opportunities. In view of the above, adhering to the principle of "In Science We Trust", China Jinmao endeavours to strengthen its positioning as a city operator and continues to push ahead the "two-wheel and two-wing driven" development strategy with a focus on "green health" and "smart technology" to drive technological innovation and product upgrade, enrich the business model that features in city operations as our core and continue to push ahead the implementation of strategy execution system, so as to accelerate the realisation of the goal of becoming the first-tier team in the industry in terms of overall strength.

We adhere to our original aspiration for high quality while moving forward with resolve and will. China Jinmao's employees will, as always, bear in mind the determination to development and carry forward the spirit of venture and innovation in concerted efforts while forging ahead to maximise value for all of the shareholders with even more remarkable results. On behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers, business partners of the Company and various sectors of the community.

NING Gaoning
Chairman

Hong Kong
25 March 2020

Honours and Awards

MAJOR INTEGRATED AWARDS

- In March, at the "2019 China Top 100 Real Estate Developers Research Conference cum the 16th China Top 100 Real Estate Developers Summit" jointly organised by the three research institutes, namely the Enterprise Research Institute of the Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy, China Jinmao was ranked the 22th among the "2019 China Top 100 Real Estate Developers", and honoured with the titles of "2019 China Top 100 Real Estate Developers by Profitability Top 10", "2019 China Top 100 Real Estate Developers by Growth Top 10" and "2019 China Top 100 Real Estate Developers by Financing Capabilities Top 10".

- In March, at the 2019 Guandian Annual Forum organised by the Guandian Index Academy, China Jinmao was ranked the 14th among the 2019 Real Estate Excellence Top 100 in the PRC.

- In June, China Jinmao was ranked among the "China Blue Chip Real Estate Developers for 2019" at the 16th China Blue Chip Real Estate Developer Annual Conference organised by Economic Observer.

- In August, China Jinmao was ranked 449th of the 2019 Top 500 Asian Brands organised by the World Brand Lab for the first time, being the first time getting on the list.

- In September, China Jinmao was ranked 32th among the 2019 Top 50 Most Valuable Real Estate Development Brands at the "Appraisal Results Conference of 2019 China Real Estate Developers cum Real Estate Brand Development Summit" jointly organised by the China Real Estate Association, Shanghai E-house Real Estate Academy and China Real Estate Brand Appraise Centre.

- In September, China Jinmao was granted the China Jinmao AAA among the 2019 Top 50 China Real Estate Green Credit Ranking organised by the Investment Association, Green Ranking and Finance.

- In December, China Jinmao was ranked first among the 2019 Top 10 Most Competitive Green Property Developers in the PRC and was named one of the 2019 Top 10 Most Competitive Green Commercial Property Operators in China at the 21st China International Real Estate & Architectural Technology Fair (CIHAF) (2019).

MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT AWARDS

- In March, Beijing Daxing Jinmao Residence Project earned the "2019 Most Anticipated Development" at the Leju Beijing Innovation Summit cum Leju Award Ceremony of the Best Property Agency (樂居北京創新峰會暨樂居地產群英會頒獎典禮) organised by Sina Leju, and was honoured the "Most Valuable Residential Development in Glorious Twenty Years" (榮耀20年典藏人氣住宅) at the 20th Anniversary of Sohu Focus Brand Fair organised by Sohu Focus.

- In May, Chengdu Wuhou Jinmao Palace won the title of "2019 Most Popular Real Estate Project in Chengdu Amongst Internet Users" at the 15th China Property Network Popularity Rankings (第十五屆中國房地產網絡人氣榜); in December, it gained the title of "2019 Brand Value Property on the 2019 China Real Estate Billboard" (2019中國房產風雲榜2019年度品牌價值樓盤) by Anjuke.

- In July, Qingdao Jimo International Smart New City Project obtained "BREEAM 3-star Certificate" granted by BRE Global Limited in the United Kingdom.

- In September, the Shanghai Jinmao North Bund Land Project earned the "US LEED Certified Gold Rating".

- In December, the Beijing Future Jinmao Palace Project was honoured with the Elite Science and Technology Award – Outstanding Green Community (精瑞科學技術獎綠色社區優秀獎) at the CRECC2019 Annual Conference cum the 16th Elite Habitat Award Forum approved by the Ministry of Science and Technology of the People's Republic of China and the National Office for Science and Technology Awards and organised by CRECC; the Beijing Serenity Palace Project was honoured with the Elite Science and Technology Award in Landscape Planning and Design (精瑞科學技術獎園林景觀規劃與設計優秀獎).

HOTELS

- In April, Jinmao Hotel was titled the "2019 China Hotel Starlight Awards – Best Hotel Owner in China" (中國酒店業最佳業主) at the 2019 Asia Hotel Forum and Travel Annual Meeting cum the 14th China Hotel Starlight Awards.

- In September, Jinmao Hotel was honoured with the title of "2019 Best Hotel Owner in China" at the 16th Golden Pillow Award of China Hotels (第十六屆中國酒店「金枕頭獎 – 2019年度中國最佳酒店業主」).

- In November, Jinmao Hotel Lijiang • The Unbound Collection by Hyatt won the award of "the Hotel as the Best Destination" (最佳旅行目的地酒店) by the Examination Board of the Best Hotels (最佳酒店評選委員會).

OFFICES AND OTHER PROJECTS

- In May, Jinmao Property was ranked the 22nd among the "2019 Top 100 Property Service Companies" at the 2019 China Top 100 Real Estate Services' Latest Research Results Conference cum the 12th China Top 100 Real Estate Service Entrepreneur Summit (2019中國物業服務百強企業研究成果發佈會暨第十二屆中國物業服務百強企業家峰會) "organised by the China Index Academy and the China Real Estate Top 10 Research Team (中國房地產TOP10研究組).

- In August, Jin Mao Tower was honoured with the title of "World's 50 Most Influential Tall Buildings" (全球50座最具影響力高層建築) by the Council on Tall Buildings and Urban Habitat (CTBUH).

- In September, JM Capital was named one of the "2019 Top 50 Popular Institution for Private Equity Investment Among Start-ups in China" (2019年中國最受創業者歡迎私募股權投資機構TOP50) by 36Kr.com.

- In October, Jin Mao Tower gained the platinum certification of LEED for Building Operations & Maintenance: Existing Buildings by U.S. Green Building Council ("USGBC") at the 2019 Greenbuild China.

- In November, Jinmao's Retail was named among the "TOP 100 Commercial Real Estate Developers with Outstanding Business Performance" (中國商業地產TOP100暨商業表現獎) in the 2019 China Commercial Real Estate Development Annual Report issued by the Guandian Index Academy (觀點指數研究院) at the 2019 Guandian Annual Commercial Convention.

- In November, Jinmao Green Building was awarded the medal of "Strategic Partners of BREEAM" (BREEAM戰略合作夥伴) by BRE.


Zhangjiakou
Beijing
Baoding
Tianjin
Taiyuan
Yantai
Weihai
Jinan
Weifang
Qingdao
Xi'an
Zhengzhou
Kaifeng
Xuzhou
Nanjing
Nantong
Hefei
Changzhou
Wuxi
Suzhou
Shanghai
Huzhou
Jiaxing
Chengdu
Wuhan
Hangzhou
Ningbo
Chongqing
Nanchang
Shaoxing
Yueyang
Jinhua
Taizhou
Changsha
Wenzhou
Lijiang
Guiyang
Zhuzhou
Fuzhou
Quanzhou
Kunming
Guangzhou
Xiamen
Foshan
Dongguan
Shantou
Shenzhen
Zhuhai
Sanya

● Number of projects
● Area yet to be delivered

City	Number of projects	Area yet to be delivered
Baoding	1	229,763
Beijing	19	3,187,314
Changzhou	2	538,798
Chengdu	2	629,644
Dongguan	2	254,897
Foshan	3	1,137,078
Fuzhou	4	2,635,158
Guangzhou	8	2,071,232
Guiyang	2	941,013
Hangzhou	9	2,649,520
Hefei	4	761,800
Huzhou	1	226,418
Jinan	5	1,634,621
Jiaxing	4	2,507,099
Jinhua	1	277,047
Kaifeng	1	194,279
Kunming	2	713,843
Lijiang	4	151,982
Nanchang	4	674,808
Nanjing	19	7,409,844
Nantong	1	83,961
Ningbo	13	5,596,369
Qingdao	11	5,446,914
Quanzhou	1	589,908
Sanya	3	547,390
Xiamen	1	97,800
Shantou	1	581,168
Shanghai	12	1,361,746
Shaoxing	1	246,635
Shenzhen	3	237,650
Suzhou	12	2,075,826
Taizhou	1	624,931
Taiyuan	1	420,556
Tianjin	5	1,353,298
Weihai	1	238,478
Weifang	1	620,122
Wenzhou	7	2,866,675
Wuxi	6	1,519,510
Wuhan	6	2,680,953
Xi'an	2	362,412
Xuzhou	4	1,366,685
Yantai	1	619,938
Yueyang	1	809,946
Zhangjiakou	2	510,828
Changsha	14	16,088,277
Zhengzhou	3	5,164,755
Chongqing	8	2,254,373
Zhuhai	1	582,305
Zhuzhou	1	646,025

Note 1: The number of projects covers city operations, property development, commercial leasing and retail operations, hotel operations and energy stations

Note 2: The area yet to be delivered refers to the area yet to be delivered under city operations and property development, unit: m^2

On the background of slower global economic growth and rising heat in trade protectionism, the economy of China showed toughness and potential in resisting downside pressure in 2019. All regions and all departments adhered to the general basic direction of making progress while maintaining stability, upheld new development concepts, insisted on pursuing supply-side structural reforms as the main front, and actively promoted high quality developments, such that an overall trend of stability or stability with progress was maintained. GDP for the year, calculated based on comparable prices, increased by 6.1% when compared with the previous year, and was in line with the expected target of 6% – 6.5%. The income growth of national residents was basically consistent with economic growth. The incremental value created by large-scale industries across China grew by 5.7% when compared with the previous year, the growth rate of incremental value created by high-tech manufacturing industry and strategic emerging industry was 3.1 and 2.7 percentage points, respectively, above that of large-scale industries. Fixed asset investments grew by 5.4% when compared with the previous year, the growth rate of investments in high-tech industry was 11.9 percentage points above the growth rate of overall investments.

From the perspective of the real estate market, "stabilize land price, stabilize housing prices and stabilize expectations" were set by MOHURD in early 2019 as key priority tasks for the full year. Under the basic regulatory guidance that "houses are for living but not speculation", the real estate market in China maintained stable operation in general, the regulatory targets of "three stabilizations" were steadily implemented. Speculations in the land market declined, income from state-owned land use rights in 2019 increased by 11.4% on a year-on-year basis, and declined significantly by 13.6 percentage points when compared with 25.0% during the corresponding period in 2018. The sales amount of commodity housing across the nation was approximately RMB16.0 trillion, representing a year-on-year increase of 6.5%, the growth rate declined by 5.7 percentage points year-on-year when compared with 2018. The sold area was approximately 1.72 billion sq.m., representing a year-on-year decrease of 0.1%. The year-on-year increase in housing prices in most cities shrunk to within 10%, and the stable operation trend in the real estate market continued.

From the perspective of the real estate market layout, after leading real estate enterprises experienced a growth slowdown in their sales amount and witnessed thinner profit margins, the industry environment has become more rational. For instance, the sales amount of the TOP 20 real estate enterprises realised a 16.5% year-on-year increase, representing a sharp decline as compared with the average annual growth rate of 33.1% in recent three years. Meanwhile, market competition has become increasingly fierce, and the industry concentration level has continued climbing. The concentration level of the TOP 20 real estate enterprises has increased significantly as compared with other tiers, representing an increase of 0.5 percentage point over the same period of the previous year. Investments continued to gather momentum, and competition has effectively filtered out weak players and stronger ones have become increasingly predominant.

From the perspective of the hotel market, a slowdown of growth in the number of domestic tourists and revenue in 2019 has externally affected the hotel industry. The business climate index for the hotel industry has hit rock bottom after declining consecutively since the second half of 2013. Results of hotels nationwide, except for those in some regions, have slumped. Given that the hotel industry has been experiencing a long-term and stable growth of supply, while that of demand has declined, the imbalance of the demand and supply structure has affected the occupancy rate of hotels and led to a decrease in revenue per room available for sale. Such imbalance in higher-end hotels, in particular, further deteriorated, and the segment will continue to be under pressure in the future.

From the perspective of the regional leasing market for offices, first-tier and second-tier cities were affected by the overall market environment, the net absorption volume in substantially all the cities declined obviously, leasing of offices faced with slackening demand. The vacant rate of grade A offices in typical urban cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Nanjing and Changsha remained high, the average rental level was declining. Meanwhile, technology enterprises were growing continuously, and gradually became a major source of demand in the office market of many cities in the PRC.

In 2019, the Company overcame the adverse conditions in the market and under the policies, operating results increased significantly when compared with the previous year, net profit attributable to the parent reached historical new high level.

In city operations and property development, newly launched projects recorded good sales volume throughout the year, total amount of sales contracted was approximately RMB160.8 billion. As at the end of the Reporting Period, the amount of sales of properties and land contracted by the Group but not yet delivered and settled was approximately RMB233.6 billion.

Among the city operations and property development projects, Changzhou Longcheng Jinmao Palace (常州龍城金茂府) received the awards of "Changzhou Quality Property Project" and "Best Property Project Worth Awaiting"; on 19 April 2019 and 6 September 2019, the project commenced sales where the units were sold out on two launch dates. On 10 August 2019, 13 November 2019 and 23 December 2019, Xuzhou Red Star • Yunlong Jinmao Residence Project (徐州紅星 • 雲龍金茂悅) commenced sales where the units were sold out on three launch dates, making it a benchmark popular project in the mid- to high-end residential market of Xuzhou and winning the best-selling individual project award for the year. Wuhan Yangluo Jinmao Noble Manor (武漢陽邏金茂逸墅) had all units sold out on each of the ten launch dates, and the number of units sold was the highest in the central area of Yangluo. Chengdu Wuhou Jinmao Palace (成都武侯金茂府) was the only green residential property in Chengdu that received both "BREEAM + Three-Star Green Building Label" certifications; on 1 March 2019, 24 May 2019 and 9 November 2019, the project commenced sales where the units were sold out on three launch dates, establishing a high-end branding image of Jinmao Palace and its sales volume during the year represented 40% of the market share for the whole Wuhou New City segment and ranked No. 1. In March 2019, Beijing Daxing Jinmao Residence (北京大興金茂悅) earned the "2019 Most Anticipated Development" at the Leju Beijing Innovation Summit cum Leju Award Ceremony of the Best Property Agency (樂居北京創新峰會暨樂居地產群英會頒獎典禮) organised by Sina Leju, and was honoured the "Most Valuable Residential Development in Glorious Twenty Years" (榮耀20年典藏人氣住宅) at the 20th Anniversary of Sohu Focus Brand Fair organised by Sohu Focus. In May 2019, Chengdu Wuhou Jinmao Palace (成都武侯金茂府) won the title of "2019 Most Popular Real Estate Project in Chengdu Amongst Internet Users" at the 15th China Property Network Popularity Rankings (第十五屆中國房地產網絡人氣榜); in December, it gained the title of "2019 Brand Value Property on the 2019 China Real Estate Billboard" (2019中國房產風雲榜2019年度品牌價值樓盤) by Anjuke. In July 2019, Qingdao Jimo International Smart New City (青島即墨國際智慧新城) received the "BREEAM 3-Star Certification" from BRE Global Limited of United Kingdom. In September 2019, Shanghai Jinmao North Bund (上海金茂北外灘) received the "US LEED Certified Golden Rating". In December 2019, Beijing Future Jinmao Palace (北京未來金茂府) was honoured with the Elite Science and Technology Award – Outstanding Green Community (精瑞科學技術獎綠色社區優秀獎) at the CRECC2019 Annual Conference cum the 16th Elite Habitat Award Forum approved by the Ministry of Science and Technology of the People's Republic of China and the National Office for Science and Technology Awards and organised by CRECC; the Beijing Serenity Palace Project was honoured with the Elite Science and Technology Award in Landscape Planning and Design (精瑞科學技術獎園林景觀規劃與設計優秀獎).

In terms of hotel operations, despite severe market conditions, our hotels continue to improve their service levels and boost performance through innovative business models. The differentiated parent-child theme restaurant innovated by Hilton Sanya Yalong Bay Resort & Spa, the hotel featuring astronomy themes introduced by Jinmao Purelax Mountain Hotel, Lijiang, and the cafe renovation of Grand Hyatt Shanghai have all achieved a good market response and a significant boost across most performance metrics. During the Period under Review, Jinmao Hotel was titled the "2019 China Hotel Starlight Awards – Best Hotel Owner in China" (中國酒店業最佳業主) at the 2019 Asia Hotel Forum and Travel Annual Meeting cum the 14th China Hotel Starlight Awards; Lijiang Jinmao Hotel In The Unbound Collection by Hyatt won the award of "the Hotel as the Best Destination" (最佳旅行目的地酒店) by the Examination Board of the Best Hotels (最佳酒店評選委員會).

In commercial leasing, the rental level and occupancy rate of grade A offices in high-end business districts such as Beijing Financial Street, Beijing CBD, Shanghai Pudong Lujiazui and Nanjing Gulou District remained at high level, the office rental level of the Company's two office towers in Beijing kept on rising and maintained stable and excellent contributions to our results.

In retail operations, the Company accelerated the creation of a commercial IP. Based on in-depth research on the trends of commercial properties, through extensive research and gathering consensus, the business strategy with core focus on "consumer insights, innovations through digital and green technology, and planning without borders" was established. Operating projects were adjusted and upgraded continuously. Unique competitive advantages were formed by relying on city operation projects, and precious experience was accumulated for upgrading The Mall of Splendors 2.0.

In finance and services, the Company continued to strengthen the pulling effect of two business wings in 2019. In the area of finance, JM Capital continue to establish two business segments, real estate fund and PE investment, to strengthen our core competitiveness. By utilising the financial empowerment effect, exploring cities to update the blue sea of our business, and planning for investment distribution around the industrial chain of city operations, the Company was empowered to innovate, upgrade and establish a presence in the industry. In the area of services, a good development trend was maintained in the aspects of smart energy, construction technology, research and development and innovations to lay a foundation for building smarter houses. The establishment of energy projects in 5 regions were proceeded in an orderly manner during the year to innovate the "city operation + smart energy cooperation model".

In 2019, the Company reaped a good harvest in the land market and capital market with outstanding results. In respect of land acquisition, the Group acquired a number of quality land parcels in various locations, including Wenzhou, Zhangjiagang, Nanjing, Changsha, Shantou, Weifang, Yiwu, Qingdao, Chongqing, Baoding, Beijing, Weihai, Hefei, Fuzhou, Hangzhou, Zhengzhou, Nanchang and Guiyang, and our land reserve was substantially replenished. In capital acquisition, the Group pursued innovations actively and developed a number of financing channels proactively. In February 2019, unsecured corporate bonds in the amount of RMB1.8 billion were issued successfully in China. In June 2019, the

Company completed the exchange of notes offshore successfully and newly issued guaranteed senior notes with a total amount of US$250 million. In July 2019, the Company issued US$500 million senior guaranteed notes offshore successfully. In July 2019, the Company successfully issued in China the first individual REIT product of China Jinmao – Changsha Meixi Lake Jinmao Plaza North Tower Office REIT, with an issue size of RMB1.165 billion. In August 2019, the Company issued Chemsunny CMBS in the total amount of RMB7.291 billion successfully in China. In August 2019, the Company issued onshore corporate bonds in the amount of RMB2 billion successfully. In December 2019, the Company successfully issued US$400 million of subordinate guaranteed perpetual capital securities offshore. At project level, introduction of capital from cooperative partners was actively attracted to provide sufficient capital support for subsequent development of projects.

Looking ahead, the unexpected outbreak of the COVID-19 epidemic in early 2020 continues to take its toll. International trade is clouded in uncertainties. China's economy is under growing downward pressure. To ensure steady economic growth while making progress, more aggressive fiscal and monetary policies will follow. If we look at the real estate industry, "homes are for living in, not for speculation" remains the leading principle for control measures, regulating measures tailored to different cities are fully in play, and the objectives to promote the stable and healthy development of the industry through the long-lasting mechanism of stabilising land prices, housing prices and market expectations remain unwavered. The emerging policies to stabilise the economy in a range of cities and tightening monetary and fiscal policies to support land supply and reasonably create housing demand will mean new opportunities for industry to recover and revive. Given the above, China Jinmao will adhere to its core value principle of "In Science We Trust", continue to solidify its positioning of a city operator and continue to push ahead the "two-wheel and two-wing driven" development strategy with a focus on "green health" and "smart technology" to drive technological innovation and product upgrade, enrich the business model that features in city operations as our core, and continue to push ahead the implementation of strategy execution system, so as to accelerate the realisation of the goal of becoming the first-tier team in the industry in terms of overall strength.

1. MAJOR COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Area held for commercial leasing and retail properties (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	194,530	Office	100%	2006	110,760
Sinochem Tower	Xicheng District, Beijing, China	49,066	Office	100%	1995	49,066
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	292,475	Office	66.77%	1999	216,462
Nanjing Xuanwu Lake Jinmao Plaza Project Phase I (including hotel) (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	225,846	Complex	95.78%	2011	139,806
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	132,856	Office	80%	2017	14,963
Shanghai International Shipping Service Center Co., Ltd. (6#)	Hongkou District, Shanghai, China	5,558	Office	100%	2018	5,558
Lijiang J•Life	Old Town, Lijiang, Yunnan Province, China	21,893	Commercial	100%	2014	21,893
Commercial portion of Qingdao Jinmao Harbour	Shinan District, Qingdao, Shandong Province, China	61,142	Commercial	50%	2017	61,142
Jiayuan Plaza Hypermarket	High-Tech Industrial Development Zone, Ningbo, Zhejiang Province, China	25,480	Commercial	100%	2013	25,480
Changsha Jinmao Mall of Splendor	Yuelu District, Changsha, Hunan Province, China	141,723	Commercial	50%	2017	141,723
Shanghai International Shipping Service Center Co., Ltd. (16#)	Hongkou District, Shanghai, China	5,222	Commercial	100%	2013	5,222
Total						**792,075**

2. HOTEL OPERATIONS PROJECTS

Name of project	Location	Hotel gross floor area (square metres)	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	44,413	66.77%	1995	329
Grand Hyatt Shanghai (Note 2)	Pudong New Area, Shanghai, China	76,013	66.77%	1999	555
Hilton Sanya Yalong Bay Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	75,208	66.77%	2006	501
The Ritz-Carlton Sanya Yalong Bay	Yalong Bay Resort, Sanya, Hainan Province, China	83,772	66.77%	2008	450
The Westin Beijing Chaoyang	Chaoyang District, Beijing, China	77,945	66.77%	2008	550
JW Marriott Hotel Shenzhen	Futian District, Shenzhen, Guangdong Province, China	51,730	66.77%	2009	411
Westin Nanjing (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	32,514	95.78%	2011	232
Hyatt Regency Chongming	Chongming County, Shanghai, China	48,992	66.77%	2014	235
Grand Hyatt Lijiang (Note 3)	Old Town, Lijiang, Yunnan Province, China	84,384	66.77%	2014	401
Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Yuelu District, Changsha, Hunan Province, China	62,220	100%	2017	304
Total		**637,191**			**3,968**

3. MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT PROJECTS

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing Yizhuang Jinmao Residence Project	Beijing Economic and Technological Development Zone, Beijing, China	414,782	Residential	100%	2017
Beijing Yizhuang Jinmao Noble Manor Project	Beijing Economic and Technological Development Zone, Beijing, China	558,922	Residential	51% and 100% (Note 4)	2020
Beijing Jinmao Palace Project	Fengtai District, Beijing, China	220,404	Residential	49%	2020
Beijing Fengtai Jinmao Plaza Project	Fengtai District, Beijing, China	177,662	Office/ Commercial	100%	2020
Beijing Fengtai Lize Business District Land Parcel No. D-07/08	Fengtai District, Beijing, China	207,804	Office	20%	2022
Beijing Serenity Palace Project	Fengtai District, Beijing, China	334,973	Residential	20%	2020
Beijing Chaoyang Jinmao Centre Project	Chaoyang District, Beijing, China	96,786	Office	100%	2020
Beijing Daxing Jinmao Residence Project	Daxing District, Beijing, China	161,451	Residential	100%	2021
Beijing Future Jinmao Palace Project	Changping District, Beijing, China	273,479	Residential	47%	2020
Beijing Taihu • Jinmao Residence Project	Tongzhou District, Beijing, China	470,164	Residential	20%	2021
Land Parcels Nos. 30-01-02, 30-01-04, Beixiaoying Town, Shunyi District, Beijing	Shunyi District, Beijing, China	442,609	Residential	49%	2023
Land Parcel Phase III, Shiliuzhuang, Fengtai District, Beijing	Fengtai District, Beijing, China	111,308	Residential	49%	2022
Land Parcel north of Zhongwu, Sijiqing Town, Haidian District, Beijing	Haidian District, Beijing, China	74,201	Residential	100%	2022

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Shanghai					
Shanghai Daning Jinmao Palace Project	Zhabei District, Shanghai, China	289,200	Residential	90%	2018
Shanghai Xincheng Hongkou Jinmao Palace Project	Hongkou District, Shanghai, China	86,889	Residential/ Commercial	49%	2020
Shanghai Xijiao Jinmao Palace Project	Jiading District, Shanghai, China	211,224	Residential	29.73%	2020
Land Parcel No. HK322-01, Tilanqiao, Hongkou District, Shanghai	Hongkou District, Shanghai, China	104,244	Office/ Commercial	50.01%	2020
Land Parcel No. HK314-05, North Bund, Shanghai	Hongkou District, Shanghai, China	210,740	Office/ Commercial	30%	2021
Shanghai Style + Project	Jiading District, Shanghai, China	64,608	Residential	30%	2021
Shanghai Nanqiao Jinmao Residence Project	Fengxian District, Shanghai, China	86,647	Residential	38%	2022
Shanghai Hongqiao • Jinmao Residence Project	Qingpu District, Shanghai, China	208,824	Residential	51% and 49% (Note 5)	2021
Guangzhou					
Guangzhou Nansha Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	778,652	Complex	90%	2020
Cinda & Jinmao – Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	329,040	Residential/ Commercial	40%	2020
Guangzhou Zhujiang Jinmao Palace Project	Liwan District, Guangzhou, Guangdong Province, China	314,321	Residential	50%	2019
Xining Primary School Land Parcel, Jiekou Street, Conghua District, Guangzhou	Conghua District, Guangzhou, Guangdong Province, China	430,853	Residential	25%	2021
Guangzhou Lingshan Island Jinmao Harbour (Phase II) Project	Nansha District, Guangzhou, Guangdong Province, China	135,386	Residential	100%	2022
Guangzhou Yuexiu & Jinmao – Lingshan Island Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	132,683	Residential	49%	2022
Guangzhou CR Land-Lujin-Jinmao – Tong Residence Project	Huadu District, Guangzhou, Guangdong Province, China	271,905	Residential	30%	2022
Financing land parcel in Jiankangcheng, Wulonggang Village, Zhung luotan Town, Baiyun District, Guangzhou	Baiyun District, Guangzhou, Guangdong Province, China	451,935	Residential	25%	2023

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Shenzhen					
Shenzhen Longhua Jinmao Palace Project	Longhua New District, Shenzhen, Guangdong Province, China	188,840	Residential	55%	2019
Changsha					
Changsha Meixi Lake Jinmao Plaza Project	Xiangjiang New District, Changsha, Hunan Province, China	750,827	Complex	100%	2019
Changsha Meixi Lake Jinmao Harbour Project	Xiangjiang New District, Changsha, Hunan Province, China	498,605	Commercial/ Residential	50%	2022
Changsha Meixi Lake International New City Project Phase I	Xiangjiang New District, Changsha, Hunan Province, China	9,402,328	Primary	80%	2022
Changsha Meixi Lake International New City Project Phase II	Xiangjiang New District, Changsha, Hunan Province, China	12,680,000	Primary	70% (Note 7)	2020
Changsha Meixi Lake International New City Project Land Block A	Xiangjiang New District, Changsha, Hunan Province, China	828,966	Primary	80%	2022
Changsha • Jinmao Tower	Xiangjiang New District, Changsha, Hunan Province, China	191,264	Commercial	100%	2024
Land Parcel No. 006, Furong District, Changsha	Furong District, Changsha, Hunan Province, China	249,974	Residential	51%	2022
Land Parcel No. 039, Binjiang New City, Yuelu District, Changsha	Yuelu District, Changsha, Hunan Province, China	158,640	Residential	51%	2022
Land Parcel No. B-51, Meixi Lake, Changsha	Xiangjiang New District, Changsha, Hunan Province, China	287,643	Residential	30%	2022
Land Parcel No. J-16-1, Meixi Lake, Changsha	Xiangjiang New District, Changsha, Hunan Province, China	196,385	Residential	30%	2022

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanjing					
Nanjing Dongcheng Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	118,880	Residential	100%	2018
Nanjing Qinglong Mountain International Ecological New City Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,798,000	Primary	80%	2020
Nanjing Xuanwu Lake Jinmao Plaza Project Phase II	Gulou District, Nanjing, Jiangsu Province, China	227,300	Complex	95.78%	2024
Nanjing Hexi Jinmao Palace Project (Land Parcel No. 20-7)	Hexi New Town, Nanjing, Jiangsu Province, China	119,560	Residential	26%	2021
Nanjing Hexi Jinmao Palace Project (Land Parcel No. 20-8)	Hexi New Town, Nanjing, Jiangsu Province, China	125,153	Residential	26%	2020
Land Parcel No. G97, Southern Hexi Yuzui, Nanjing	Jianye District, Nanjing, Jiangsu Province, China	1,176,204	Complex	27.5%	2023
Nanjing Greenland Jinmao • International Finance Centre Project	Jiangbei New District, Nanjing, Jiangsu Province, China	1,223,790	Complex	40%	2023
Nanjing Dongcheng Jinmao Residence Phase II Project	Jiangning District, Nanjing, Jiangsu Province, China	119,100	Residential	30%	2020
Nanjing Jiangning Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	310,272	Residential	55%	2021
Nanjing Pinglan Palace Project	Gaochun District, Nanjing, Jiangsu Province, China	198,201	Residential	29%	2021
Nanjing Gucheng Lake • Jinmao Noble Manor Project	Gaochun District, Nanjing, Jiangsu Province, China	362,071	Residential/ Commercial	49%	2020
Land Parcel No. 2019G05, Tangshan Spa & Wellness Town Phase I, Jiangning District, Nanjing	Jiangning District, Nanjing, Jiangsu Province, China	340,298	Complex	47%	2023
Land Parcel No. 2019G32 at the north of Yingtiandong Street, South New City, Qinhuai District, Nanjing	Qinhuai District, Nanjing, Jiangsu Province, China	230,625	Residential	28%	2022
Land Parcel No. 2019G36, Innovation Science Park, Qixia District, Nanjing	Qixia District, Nanjing, Jiangsu Province, China	311,160	Residential	24%	2022
Land Parcel No. 38, Shangfang, Jiangning District, Nanjing (Note 9)	Jiangning District, Nanjing, Jiangsu Province, China	214,568	Residential	49%	2023

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Chongqing					
Chongqing Jinmao International Ecological New City Project	Yubei District, Chongqing, China	825,666	Commercial/ Residential	72.8%	2021
Longxing Mediterranean Project, Liangjiang New District, Chongqing	Yubei District, Chongqing, China	317,528	Residential/ Hotel	100%	2020
Land Parcel No. 17099, Liangjiang New District, Chongqing	Liangjiang New Area, Chongqing, China	259,021	Residential	50%	2020
Chongqing Yueqianshan Project	Yubei District, Chongqing, China	257,906	Residential	40%	2020
Central Park Land Parcel, Liangjiang New District, Chongqing	Yubei District, Chongqing, China	383,011	Residential	20%	2022
Land Parcel No. BS18-1J-311, Bishan District, Chongqing	Bishan District, Chongqing, China	354,143	Residential	100%	2024
Ningbo					
Ningbo Yaojiang Jinmao Palace Project	Yaojiang New City, Jiangbei District, Ningbo, Zhejiang Province, China	232,771	Residential	49%	2020
Ningbo Cicheng Jinmao Noble Manor Project	Jiangbei District, Ningbo, Zhejiang Province, China	225,555	Residential	36%	2020
Ningbo Haishu Jinmao Palace Project	Haishu District, Ningbo, Zhejiang Province, China	274,345	Residential/ Commercial	33%	2021
Ningbo Yueguanting Project	Yuyao, Ningbo, Zhejiang Province, China	98,385	Residential	30%	2021
Ningbo Haiwan Jinmao Residence Project	Beilun District, Ningbo, Zhejiang Province, China	301,240	Residential	49%	2021
Ningnan Logistics Area Land Parcel No. 6, Ningbo (Note 8)	Fenghua District, Ningbo, Zhejiang Province, China	130,017	Residential	49%	2021
Ningbo Life Science City Project	Fenghua District, Ningbo, Zhejiang Province, China	4,280,000	Primary	80%	2024

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Qingdao					
Qingdao China-Europe International City Project – First batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	480,626	Commercial/ Residential	100%	2023
Qingdao China-Europe International City Project – Second batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	354,644	Commercial/ Residential	100%	2021
Qingdao China-Europe International City Project – Third batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	2,451,704	Commercial/ Residential	68%	2023
Qingdao Jimo International Smart New City Project – First batch of land parcels	Jimo District, Qingdao, Shandong Province, China	335,377	Residential	60%	2021
Qingdao West Coast • Innovation and Technology City Project	Huangdao District, Qingdao, Shandong Province, China	209,548	Residential	100%	2021
Land Parcel No. A14 + Foreign Investment Block, China-Europe International City, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	813,770	Residential	100%	2023
Qingdao Eden Project	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	140,853	Complex	41.67%	2024
Land Parcel No. 606A, Jimo Smart New City, Qingdao	Jimo District, Qingdao, Shandong Province, China	246,024	Residential	60%	2023
Hangzhou					
Hangzhou Binjiang Jinmao Palace Project	Binjiang District, Hangzhou, Zhejiang Province, China	248,371	Residential	100%	2020
Shoukai Hangzhou Jinmao Palace Project	Gongshu District, Hangzhou, Zhejiang Province, China	277,822	Residential	49%	2020
Land Parcel No. FG04-R21-02, Shangtang, Gongshu District, Hangzhou	Gongshu District, Hangzhou, Zhejiang Province, China	139,904	Residential	50%	2021
Hangzhou Dongcheng Jinmao Palace Project	Jianggan District, Hangzhou, Zhejiang Province, China	143,707	Residential	50%	2020
Fuchun Land Parcel No. 28, Fuyang District, Hangzhou	Fuyang District, Hangzhou, Zhejiang Province, China	271,108	Residential	50%	2021
Shushan South Land Parcels Nos. B-13-2, B-14, B-15, Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou, Zhejiang Province, China	313,612	Residential	21.4%	2020
Hangzhou Yunhe ONE Project	Gongshu District, Hangzhou, Zhejiang Province, China	190,180	Residential	34%	2021
City Operation Project of Qinwang Complex, Fuyang District, Hangzhou	Fuyang District, Hangzhou, Zhejiang Province, China	1,066,004	Complex	50%	2025
Lijiang					
Lijiang Jinmao Whisper of Jade Dragon Project	Lijiang World Heritage Park, Lijiang, Yunnan Province, China	207,902	Residential	100%	2020
Lijiang Snow Mountain Jinmao Noble Manor Project	Ganhaizi, Jade Dragon Snow Mountain, Lijiang, Yunnan Province, China	18,887	Commercial/ Residential	100%	2021

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Hefei					
Hefei Beiyanhu Jinmao Harbour Project	High-Tech Industrial Development Zone, Hefei, Anhui Province, China	311,358	Residential	29.4%	2020
Hefei Binhu Jinmao Residence Project	Binhu District, Hefei, Anhui Province, China	240,167	Residential	34%	2020
Land Parcels Nos. KI2-3, 4, Hefei High-Tech Industrial Development Zone	High-Tech Industrial Development Zone, Hefei, Anhui Province, China	118,102	Residential	29.4%	2021
Hefei Dongcheng • Jinmao Residence Project	Feidong County, Hefei, Anhui Province, China	92,173	Residential	100%	2022
Xuzhou					
Xuzhou Chuhe Jinmao Palace Project	Tongshan District, Xuzhou, Jiangsu Province, China	75,210	Residential	100%	2020
Land Parcel No. 2018-31, Yunlong District, Xuzhou	Yunlong District, Xuzhou, Jiangsu Province, China	525,243	Residential/ Commercial	40%	2022
Land Parcel AB, Third Ring Road West, Gulou District, Xuzhou	Gulou District, Xuzhou, Jiangsu Province, China	561,754	Residential/ Commercial	25%	2021
Xuzhou Yunlong Lake Jinmao Palace Project	Quanshan District, Xuzhou, Jiangsu Province, China	204,478	Residential	49%	2022
Kunming					
Kunming Wujiaba • Jinmao Plaza Project	Guandu District, Kunming, Yunnan Province, China	117,883	Residential	30%	2021
Land Parcels Nos. KCC2017-9-A1-A13, Chenggong District, Kunming	Chenggong District, Kunming, Yunnan Province, China	595,960	Residential	33%	2023
Dongguan					
Dongguan Qingxi Jinmao Noble Manor Project	Qingxi Town, Dongguan, Guangdong Province, China	54,793	Residential	100%	2020
Dongguan Zhuoyue Jinmao Qianshuiwan Project	Zhongtang Town, Dongguan, Guangdong Province, China	200,104	Residential	40%	2020
Quanzhou					
Quanzhou Tan Residence Project	Taiwanese Investment Zone, Quanzhou, Fujian Province, China	589,908	Residential/ Commercial/ Office	50%	2021
Changzhou					
Changzhou Longcheng Jinmao Palace Project	Zhonglou District, Changzhou, Jiangsu Province, China	299,447	Residential/ Commercial	100%	2021
Changzhou Chunqiu Jinmao Palace Project	Wujin District, Changzhou, Jiangsu Province, China	239,351	Residential	49%	2022
Nantong					
Nantong Chongchuan • Jinmao Palace Project	Chongchuan District, Nantong, Jiangsu Province, China	83,961	Residential	50%	2020

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Zhuzhou					
Zhuzhou • Jinmao Residence Project	Shifeng District, Zhuzhou, Hunan Province, China	646,025	Residential	100%	2022
Kaifeng					
Land Parcel No. 39, Bianxi New Area, Kaifeng	Bianxi New Area, Kaifeng, Henan Province, China	194,279	Residential	49%	2021
Huzhou					
Huzhou Renhuang Jinmao Residence Project	Wuxing District, Huzhou, Zhejiang Province, China	226,418	Residential	50%	2020
Shaoxing					
Shaoxing Jinghu Jinmao Noble Manor Project	Yuecheng District, Shaoxing, Zhejiang Province, China	246,635	Residential	49%	2020
Taizhou					
Land Parcel at the sides of Baiyunshan Road South and south of Hongzhao Road, Hongjia Avenue, Jiaojiang District, Taizhou	Jiaojiang District, Taizhou, Zhejiang Province, China	624,931	Residential/ Commercial	33%	2021
Guiyang					
Land Parcel No. G(18)050, Ma'anshan, Baiyun District, Guiyang	Baiyun District, Guiyang, Guizhou Province, China	278,218	Residential	49.9%	2021
Jiao Zhi Yuan Project, Guanshanhu District, Guiyang	Guanshanhu District, Guiyang, Guizhou Province, China	662,795	Residential	100%	2024
Suzhou					
Suzhou Hushuguan Project	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	268,265	Residential	49%	2020
Suzhou Science and Technology City • Jinmao Palace Project	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	501,772	Complex	26.5%	2020
Suzhou Gusu • Jinmao Residence Project	Wuzhong District, Suzhou, Jiangsu Province, China	103,465	Residential	100%	2021
High-Tech Industrial Development Zone Land Parcel No. 2017-WG-84, Suzhou	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	118,889	Residential	17.5%	2020
Zhangjiagang Smart Science City Project (Note 10)	Zhangjiagang, Suzhou, Jiangsu Province, China	1,048,991	Residential	100% and 49%	2023

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wuxi					
Wuxi Lihu Jinmao Palace Project	Binhu District, Wuxi, Jiangsu Province, China	440,071	Residential	49%	2020
Land Parcel in Meicun, Xinwu District, Wuxi	Xinwu District, Wuxi, Jiangsu Province, China	154,989	Residential	20%	2020
Land Parcel No. XDG-2014-31, Xibei District, Wuxi	Xishan District, Wuxi, Jiangsu Province, China	264,825	Residential	49%	2021
Wuxi Taihu • Jinmao Noble Manor Project	Binhu District, Wuxi, Jiangsu Province, China	141,977	Residential/ Commercial	75.5%	2022
Jiangyin Xiake Island Ecological City Project	Jiangyin, Wuxi, Jiangsu Province, China	378,805	Residential/ Commercial	49%	2022
Jiangyin Chengjiang • Jinmao Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	155,168	Residential	76.05%	2022
Foshan					
Foshan Jinmao Green Island Lake Project	Chancheng District, Foshan, Guangdong Province, China	638,074	Residential	65%	2021
Foshan Zumiao • Jinmao Residence Project	Chancheng District, Foshan, Guangdong Province, China	319,569	Residential	100%	2020
Foshan Shunde Lecong Land Parcel	Shunde District, Foshan, Guangdong Province, China	368,176	Residential/ Commercial	33%	2022
Tianjin					
Tianjin Haihe Jinmao Palace Project	Hedong District, Tianjin, China	407,313	Complex	100%	2020
Tianjin Shangdong • Jinmao Palace Project	Dongli District, Tianjin, China	263,107	Residential	100%	2020
Liuyuan Land Parcel No.188, Beichen District, Tianjin	Beichen District, Tianjin, China	237,719	Residential	16.5%	2021
Liuyuan Land Parcel No.189, Beichen District, Tianjin	Beichen District, Tianjin, China	332,927	Residential	25.9%	2022
Tianjin Yujiangtai Project	Hexi District, Tianjin, China	112,232	Residential	34%	2021
Jinan					
Jinan Gongyuan Xuefu Project	Licheng District, Jinnan, Shandong Province, China	269,495	Residential	15%	2020
Jinan Jinmao Lujin Snow Mountain • Jinmao Noble Manor Project	Licheng District, Jinnan, Shandong Province, China	169,520	Residential	50%	2021
Jinan High-Tech Industrial Development Zone Jinmao Noble Manor Project	High-Tech Industrial Development Zone, Jinan, Shandong Province, China	482,320	Residential	33%	2020
Jinan Jinmao Lushang Travelling Route • Jinmao Palace Project	Licheng District, Jinan, Shandong Province, China	461,381	Residential	28%	2023
Liuzhiyuan Land Parcel, Jinan	Lixia District, Jinan, Shandong Province, China	251,906	Residential	100%	2021
Fuzhou					
Fuzhou Gulou Jinmao Palace Project	Gulou District, Fuzhou, Fujian Province, China	342,735	Residential	40%	2021
Fuzhou Aoti • Jinmao Residence Project	Cangshan District, Fuzhou, Fujian Province, China	367,406	Residential	10%	2020
City Operations Project–First batch of land parcels, New Coastal City, Fuzhou	Changle District, Fuzhou, Fujian Province, China	983,142	Complex	100%	2027
City Operations Project–Second batch of land parcels, New Coastal City, Changle District, Fuzhou	Changle District, Fuzhou, Fujian Province, China	946,480	Complex	100%	2030

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wenzhou					
Wenzhou Oujiang International New City Project	Bandao Qibu District, Wenzhou, Zhejiang Province, China	914,502	Complex	33% and 36% (Note 6)	2021
Wenzhou Longwan Yaoxibei Project	Longwan District, Wenzhou, Zhejiang Province, China	596,242	Residential/ Commercial	16.5%	2022
Wansong Dongjindai Land Parcel No. 04-02, Rui'an, Wenzhou	Rui'an, Wenzhou, Zhejiang Province, China	175,078	Residential/ Commercial	20.1%	2020
Wenzhou Lucheng Jinmao Palace Project	Lucheng District, Wenzhou, Zhejiang Province, China	520,257	Residential/ Office	33%	2022
Wenzhou Rui'an • Jinmao Residence Project	Rui'an, Wenzhou, Zhejiang Province, China	396,028	Residential	100%	2022
Wenzhou Jiushan Jinmao Palace Project	Lucheng District, Wenzhou, Zhejiang Province, China	149,528	Residential	100%	2022
Land Parcel No. B-18 of Yong Zhong Unit, Yongqiang North Area, Longwan District, Wenzhou	Longwan District, Wenzhou, Zhejiang Province, China	115,040	Residential	26.5%	2022
Wuhan					
Wuhan Donghu Jinmao Palace Project	Hongshan District, Wuhan, Hubei Province, China	747,200	Residential/ Commercial	33%	2020
Land Parcel No. P(2018)001, Yangluo Street Wanshan Village, Xinzhou District, Wuhan	Xinzhou District, Wuhan, Hubei Province, China	494,641	Residential/ Commercial	100%	2022
Land Parcel No. P(2018)004, Yangluo Street Wanshan Village, Xinzhou District, Wuhan	Xinzhou District, Wuhan, Hubei Province, China	526,387	Residential/ Hotel	50%	2020
Wuhan Yangluo • Jinmao Residence Project	Xinzhou District, Wuhan, Hubei Province, China	215,945	Residential	51%	2022
Wuhan Jianfa • Jinmao – Royal Residence Project	Jiangxia District, Wuhan, Hubei Province, China	253,919	Residential	49%	2022
Land Parcel No. P(2019)038, Metro Town East District, Huangjia Lake, Wuhan	Jiangxia District, Wuhan, Hubei Province, China	528,921	Residential	50%	2023
Zhengzhou					
Zhengzhou Beilonghu Jinmao Palace Project	Zhengdong New District, Zhengzhou, Henan Province, China	155,256	Residential	51%	2019
Land Parcel No.14, Beilonghu, Zhengzhou	Zhengdong New District, Zhengzhou, Henan Province, China	129,499	Residential	100%	2022
Zhengzhou Erqi District Mazhai New City Project	Mazhai New Town Area, Erqi District, Zhengzhou, Henan Province, China	4,880,000	Primary	29.7%	2025
Chengdu					
Chengdu Wuhou New City Project	Wuhou District, Chengdu, Sichuan Province, China	382,611	Residential	49%	2020
Chengdu Tianfu • Jinmao Residence Project	Jintang County, Chengdu, Sichuan Province, China	247,033	Residential	50%	2020

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanchang					
Nanchang Jiulonghu • Jinmao Residence Project	Honggutan New District, Nanchang, Jiangxi Province, China	154,888	Residential/ Commercial	30%	2022
Nanchang Qingyunpu Land Parcel	Qingyunpu District, Nanchang, Jiangxi Province, China	172,739	Residential/ Commercial	18%	2021
Land Parcel No. DAK2018014, Wangcheng Town, Xinjian District, Nanchang	Xinjian District, Nanchang, Jiangxi Province, China	139,333	Residential	10.5%	2020
Land Parcel No. 105 Project, Qiche Avenue, Nanchang	Nanchang County, Nanchang, Jiangxi Province, China	207,848	Residential	100%	2022
Zhangjiakou					
Land Parcel No. A-2, Ruanyin Science Park Residence, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	165,700	Residential	31%	2022
Land Parcel No. A-1-1, Ruanyin Science Park, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	345,128	Residential	31%	2024
Baoding					
Land Parcel No. 2019-033, Jingxiu District, Baoding	Jingxiu District, Baoding, Hebei Province, China	229,763	Residential	100%	2022
Jinhua					
Yiwu Futian Jinmao Palace Project	Yiwu City, Jinhua, Zhejiang Province, China	277,047	Residential	70%	2022
Sanya					
Land Parcel Nos. 1, 2, 3, 4, Nanfan Science and Technology City, Sanya	Yazhou District, Sanya, Hainan Province, China	547,390	Residential	70%	2023
Shantou					
Shantou Shuangyue Harbour Project	Jinping District, Shantou, Guangdong Province, China	581,168	Residential	100%	2022
Weihai					
Weihai Fengji • Jinmao Residence Project	Economic and Technological Development Zone, Weihai	238,478	Residential	100%	2022

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Weifang					
Weifang Taoyuan • Jinmao Residence Project	High-Tech Industrial Development Zone, Weifang, Shandong Province, China	620,122	Residential	100%	2024
Yueyang					
Land Parcel No. 1-6, Dongfeng Lake Project Phase I, Yueyang	Dongfeng Lake New District, Yueyang, Hunan Province, China	809,946	Residential	75%	2024
Zhuhai					
Zhuhai Huxin • Jinmao Residence Project	Doumen District, Zhuhai, Guangdong Province, China	582,305	Residential	100%	2024
Xiamen					
Xiamen Xiang'an • Jinmao Residence Project	Xiang'an District, Xiamen, Fujian Province, China	97,800	Residential	100%	2020
Jiaxing					
Jiaxing Lujin Jinmao • Jiahe Jinmao Palace Project	Nanhu District, Jiaxing, Zhejiang Province, China	346,211	Residential	55%	2020
Jiaxing Jingkai Land Parcel No. 2017-35	Nanhu District, Jiaxing, Zhejiang Province, China	161,962	Residential	49%	2020
Jiaxing Zhengrong Jinmao • Xiuhu Jinmao Palace Project	Xiuzhou District, Jiaxing, Zhejiang Province, China	188,549	Residential	17%	2020
Shanghai Window Smart Science City Project	Jiashan County, Jiaxing, Zhejiang Province, China	1,810,377	Primary	80%	2024
Xi'an					
Xi'an Chang'an • Jinmao Palace Project	Chang'an District, Xi'an, Shaanxi Province, China	196,571	Residential	100%	2021
Xi'an Weiyang Jinmao Palace Project	Weiyang District, Xi'an, Shaanxi Province, China	165,841	Residential	100%	2020
Taiyuan					
Project south of Longcheng Avenue, Taiyuan City	Xiaodian District, Taiyuan, Shanxi Province, China	420,556	Residential	35%	2023
Yantai					
Land Parcel No. 1 B, Santan, Laishan District, Yantai	Laishan District, Yantai, Shandong Province, China	619,938	Residential/ Commercial	40%	2022

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Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Land Parcel No. 2019-033, Jingxiu District, Baoding	Jingxiu District, Baoding, Hebei Province, China	229,763	Residential	100%	2022
Beijing Taihu • Jinmao Residence Project	Tongzhou District, Beijing, China	470,164	Residential	20%	2021
Land Parcels Nos. 30-01-02, 30-01-04, Beixiaoying Town, Shunyi, Beijing	Shunyi District, Beijing, China	442,609	Residential	49%	2023
Land Parcel Phase III, Shiliuzhuang, Fengtai District, Beijing	Fengtai District, Beijing, China	111,308	Residential	49%	2022
Land Parcel north of Zhongwu, Sijiqing Town, Haidian District, Beijing	Haidian District, Beijing, China	74,201	Residential	100%	2022
Changzhou Chunqiu Jinmao Palace Project	Wujin District, Changzhou, Jiangsu Province, China	239,351	Residential	49%	2022
Dongguan Zhuoyue Jinmao Qianshuiwan Project	Zhongtang Town, Dongguan, Guangdong Province, China	200,104	Residential	40%	2020
City Operations Project–First batch of land parcels, New Coastal City, Fuzhou	Changle District, Fuzhou, Fujian Province, China	983,142	Complex	100%	2027
City Operations Project–Second batch of land parcels, New Coastal City, Changle District, Fuzhou	Changle District, Fuzhou, Fujian Province, China	946,480	Complex	100%	2030
Guangzhou Lingshan Island Jinmao Harbour (Phase II) Project	Nansha District, Guangzhou, Guangdong Province, China	135,386	Residential	100%	2022
Guangzhou Yuexiu & Jinmao – Lingshan Island Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	132,683	Residential	49%	2022
Guangzhou CR Land-Lujin-Jinmao-Tong Residence Project	Huadu District, Guangzhou, Guangdong Province, China	271,905	Residential	30%	2022
Financing land parcel in Jiankangcheng, Wulonggang Village, Zhung luotan Town, Baiyun District, Guangzhou	Baiyun District, Guangzhou, Guangdong Province, China	451,935	Residential	25%	2023
Jiao Zhi Yuan Project, Guanshanhu District, Guiyang	Guanshanhu District, Guiyang, Guizhou Province, China	662,795	Residential	100%	2024
Hangzhou Yunhe ONE Project	Gongshu District, Hangzhou, Zhejiang Province, China	190,180	Residential	34%	2021
City Operation Project of Qinwang Complex, Fuyang District, Hangzhou	Fuyang District, Hangzhou, Zhejiang Province, China	1,066,004	Residential	50%	2025
Hefei Dongcheng • Jinmao Residence Project	Feidong County, Hefei, Anhui Province, China	92,173	Residential	100%	2022
Jinan Jinmao Lushang Travelling Route • Jinmao Palace Project	Licheng District, Jinan, Shandong Province, China	461,381	Residential	28%	2023

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Liuzhiyuan Land Parcel, Jinan	Lixia District, Jinan, Shandong Province, China	251,906	Residential	100%	2021
Shanghai Window Smart Science City Project	Jiashan County, Jiaxing, Zhejiang Province, China	1,810,377	Primary	80%	2024
Yiwu Futian Jinmao Palace Project	Yiwu City, Jinhua, Zhejiang Province, China	277,047	Residential	70%	2022
Land Parcels Nos. KCC2017-9-A1-A13, Chenggong District, Kunming	Chenggong District, Kunming, Yunnan Province, China	595,960	Residential	33%	2023
Land Parcel No. 105 Project, Qiche Avenue, Nanchang	Nanchang County, Nanchang, Jiangxi Province, China	207,848	Residential	100%	2022
Land Parcel No. 2019G05, Tangshan Spa & Wellness Town Phase I, Jiangning District, Nanjing	Jiangning District, Nanjing, Jiangsu Province, China	340,298	Complex	47%	2023
Land Parcel No. 2019G32 at the north of Yingtiandong Street, South New City, Qinhuai District, Nanjing	Qinhuai District, Nanjing, Jiangsu Province, China	230,625	Residential	28%	2022
Land Parcel No. 2019G36, Innovation Science Park, Qixia District, Nanjing	Qixia District, Nanjing, Jiangsu Province, China	311,160	Residential	24%	2022
Land Parcel No. 38, Shangfang, Jiangning District, Nanjing (Note 9)	Jiangning District, Nanjing, Jiangsu Province, China	214,568	Residential	49%	2023
Qingdao Jimo International Smart New City Project – First batch of land parcels	Jimo District, Qingdao, Shandong Province, China	335,377	Residential	60%	2021
Qingdao West Coast • Innovation and Technology City Project	Huangdao District, Qingdao, Shandong Province, China	209,548	Residential	100%	2021
Land Parcel No. A14 + Foreign Investment Block, China-Europe International City, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	813,770	Residential	100%	2023
Qingdao Eden Project	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	140,853	Complex	41.67%	2024
Land Parcel No. 606A, Jimo International Smart New City, Qingdao	Jimo District, Qingdao, Shandong Province, China	246,024	Residential	60%	2023
Land Parcel Nos. 1, 2, 3, 4, Nanfan Science and Technology City, Sanya	Yazhou District, Sanya, Hainan Province, China	547,390	Residential	70%	2023
Shuangyue Harbour Project, Santou	Jinpin District, Santou, Guangdong Province, China	581,168	Residential	100%	2022
Shanghai Style + Project	Jiading District, Shanghai, China	64,608	Residential	30%	2021

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Shanghao Nanqiao Jinmao Residence Project	Fengxian District, Shanghai, China	86,647	Residential	38%	2022
Zhangjiagang Smart Science City Project (Note 10)	Zhangjiagang, Suzhou, Jiangsu Province, China	1,048,991	Complex	100% and 49%	2023
Project south of Longcheng Avenue, Taiyuan City	Xiaodian District, Taiyuan, Shanxi Province, China	420,556	Residential	35%	2023
Tianjin Yujiangtai Project	Hexi District, Tianjin, China	112,232	Residential	34%	2021
Weihai Fengji • Jinmao Residence Project	Economic and Technological Development Zone, Weihai	238,478	Residential	100%	2022
Weifang Taoyuan • Jinmao Residence Project	High-Tech Industrial Development Zone, Weifang, Shandong Province, China	620,122	Residential	100%	2024
Wenzhou Rui'an • Jinmao Residence Project	Rui'an, Wenzhou, Zhejiang Province, China	396,028	Residential	100%	2022
Wenzhou Jiushan Jinmao Palace Project	Lucheng District, Wenzhou, Zhejiang Province, China	149,528	Residential	100%	2022
Land Parcel No. B-18 of Yong Zhong Unit, Yongqiang North Area, Longwan District, Wenzhou	Longwan District, Wenzhou, Zhejiang Province, China	115,040	Residential	26.5%	2022
Jiangyin Xiake Island Ecological City Project	Jiangyin, Wuxi, Jiangsu Province, China	378,805	Residential/ Commercial	49%	2022
Jiangyin Chengjiang • Jianmao Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	155,168	Residential	76.05%	2022
Land Parcel No. P(2019)038, Metro Town East District, Huangjia Lake, Wuhan	Jiangxia District, Wuhan, Hubei Province, China	528,921	Residential	50%	2023
Xuzhou Yunlong Lake Jinmao Palace Project	Quanshan District, Xuzhou, Jiangsu Province, China	204,478	Residential	49%	2022
Land Parcel No. 1 B, Santan, Laishan District, Yantai	Laishan District, Yantai, Shandong Province, China	619,938	Residential/ Commercial	40%	2022
Land Parcel No. 1-6, Dongfeng Lake Project Phase I, Yueyang	Dongfeng Lake New District, Yueyang, Hunan Province, China	809,946	Residential	75%	2024
Land Parcel No. A-2, Ruanyin Science Park Residence, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	165,700	Residential	31%	2022
Land Parcel No. A-1-1, Ruanyin Science Park, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	345,128	Residential	31%	2024
Land Parcel No. 006, Furong District, Changsha	Furong District, Changsha, Hunan Province, China	249,974	Residential	51%	2022
Land Parcel No. 039, Binjiang New City, Yuelu District, Changsha	Yuelu District, Changsha, Hunan Province, China	158,640	Residential	51%	2022

Name of project	Location	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Land Parcel No. B-51, Meixi Lake Changsha	Xiangjiang New District, Changsha, Hunan Province, China	287,643	Residential	30%	2022
Land Parcel No. J-16-1, Meixi Lake, Changsha	Xiangjiang New District, Changsha, Hunan Province, China	196,385	Residential	30%	2022
Land Parcel No.14, Beilonghu, Zhengzhou	Zhengdong New District, Zhengzhou, Henan Province, China	129,499	Residential	100%	2022
Zhengzhou Erqi District Mazhai New City Project	Mazhai New Town Area, Erqi District, Zhengzhou, Henan Province, China	4,880,000	Primary	29.7%	2025
Land Parcel No. BS18-1J-311, Bishan District, Chongqing	Bishan District, Chongqing, China	354,143	Residential	100%	2024
Zhuhai Huxin • Jinmao Residence Project	Doumen District, Zhuhai, Guangdong Province, China	582,305	Residential	100%	2024

(Note 1) Nanjing Jinmao Place and Westin Nanjing are located in Nanjing Xuanwu Lake Jinmao Plaza.

(Note 2) Grand Hyatt Shanghai is located in Jin Mao Tower.

(Note 3) Grand Hyatt Lijiang is held as to 66.77% interest by the Group. Grand Hyatt Lijiang in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain.

(Note 4) Beijing Yizhuang Jinmao Noble Manor Project is developed on the land parcels X87 and X91 in Beijing. Currently, the Group holds 51% interest in land parcel X87 (GFA: 259,234 square metres) and 100% interest in land parcel X91 (GFA: 299,688 square metres).

(Note 5) Shanghai Hongqiao • Jinmao Residence Project is developed on the land parcels 26-01 and 44-02 in Huaxin Town, Qingpu District, Shanghai. Currently, the Group holds 51% interest in land parcel 26-01 (GFA: 90,808 square metres) and 49% interest in land parcel 44-02 (GFA: 118,016 square metres).

(Note 6) Wenzhou Oujiang International New City Project is developed on the land parcels C-03a, C-03e, C-05a, C-11f and C-11h in Oujiangkou, Wenzhou. Currently, the Group holds 33% interest in land parcels C-03a, C-03e, C-11f and C-11h and 36% interest in land parcel C-05a.

(Note 7) The Company received an official letter from the Management Committee of Dahexi Pilot Zone in Changsha, confirming that the Company has been selected as the second investor of Changsha Meixi Lake Primary Development Phase II. According to the Confirmation Letter, the total investment required for the Company, as the second investor, to complete all its related works under the Project, is estimated to be 70% of the estimated investment of the Project. At the same time, the Company will be entitled to a full refund of its development costs, as well as a gain representing 70% of the appreciation of land within the area of the Project which is available for distribution to the investors.

(Note 8) Ningnan Logistics Area Land Parcel No. 6, Ningbo is located in Ningbo Life Science City.

(Note 9) Land Parcel No. 38, Shangfang, Jiangning District, Nanjing is located in Nanjing Qinglong Mountain International Ecological New City.

(Note 10) Zhangjiagang Smart Science City Project is developed on Suzhou Zhangjiagang land parcels Nos. 2012-A09, 2012-A19-A, 2012-A19-B, 2014-A02-A, 2014-A02-B, 2014-A02-C and 2014-A04. Currently, the Group holds 100% interest in land parcels Nos. 2012-A19-A, 2012-A19-B, 2014-A02-A, 2014-A02-B, 2014-A02-C and 2014-A04, respectively and 49% interest in land parcel No. 2012-A09.

CITY OPERATIONS

© Nanjing Qinglong Mountain International Ecological New City

CITY OPERATIONS

Wenzhou Rui'an Eco Science City The project, located in Rui'an South Binjiang Area, has a total site area of 13,350 mu (equivalent to approximately 8.9 million sq.m.) and a total gross floor area of approximately 8.26 million sq.m. It is planned to be developed into residential properties, commercial offices, ecological, industrial and ancillary facilities in phases. The project insists on developing "technology and innovation industries, ecological and leisure industries" as core operations, and "integrated services industry, city amenities industry" as complementary developments, to form a "2+2" industry system that merges industries with the city. Leveraging on the advantages of its urban central location in the new city, a moderate commuting distance from the old city, and the excellent scenery resources, the project is developing into a new central area of Rui'an in the future.

On 28 January 2019, the Group successfully won the bid for the first batch of land parcels "Rui'an, Jiangnan New Area, Nanbinjiang Phase II, land parcels nos. 02-41, 03-05, 03-06, 03-10 and 03-11" for the project. In September 2019, Rui'an Eco Science City | Rui'an • Jinmao Residence Phase I commenced sales smoothly.

Wuxi Xiake Island Eco City The project is located in Xu Xiake Township, Jiangyin City, at the centre of the Shanghai "1+N" cluster of cities in the Yangtze River Delta. The project has a total site area of approximately 9,574 mu (equivalent to approximately 6.38 million sq.m.), and a total gross floor area of approximately 2.66 million sq.m., embracing over 3,000 mu of scarce wetland resources. The project is based on the travel records and footprints of Xu Xiake and his legendary experience as background, and plans to develop three major content segments, namely "One Township, Three Gardens, Six Palaces", jointly with top class professional firms in the world, such as FORREC, to blend with a diverse range of businesses, including specialty small town, theme park and high-end residences. After completion, it will become the only large-scale leisure and cultural resort project located within wetlands in the Yangtze River Delta region. It presents a breakthrough in the traditional meaning of tourism resort and sets a new benchmark for happy travelling experience.

On 30 January 2019, we entered into the cooperation development agreement for the project and acquired the "Cheng Di land parcels nos. 2018-C-38, 39 and 40" in the startup area. During the Period under Review, all projects proceeded in an orderly manner.

Yueyang Dongting Eco Innovation City The project, located in Yueyang Dongfeng Lake New Area, embracing two water systems of Dongfeng Lake and Dongting Lake. Its planned development for the surrounding areas includes three major parks, namely, Jiuhua Mountain Park, Dongfeng Lake Park and Lake View Park. It is located in an area closest to Yueyang Tower and Pedestrian Street. The project has a total site area of approximately 780 mu (equivalent to approximately 520,000 sq.m.) and a total gross floor area of approximately 1.34 million sq.m. The project plans to build the tallest tower in Yueyang – the Jinmao Dongting Pearl Tower with a height of 280 metres, which will accommodate international high-end hotels and grade 5A offices. A commercial street area with features of Yueyang will be built – comprising diversified businesses such as fresh lakefood township and centralized businesses. The urban supporting facilities will be upgraded on a full scale, enabling the project to become a new landmark and a new brand of Yueyang.

On 8 May 2019, China Jinmao formally acquired the first batch of land parcels for the project, with a total gross floor area of approximately 604,000 sq.m., and commenced first launch of sales smoothly on 13 December 2019.

Shanghai Window Smart Science City The project, located in Zhejiang Jiashan Economic and Technological Development Zone, is a "gateway" connecting Jiashan to Shanghai. The project has a total site area of approximately 2,878 mu (equivalent to approximately 1.92 million sq.m.) and a total gross floor area of approximately 1.81 million sq.m. It comprises core segments, such as Sino-Netherlands Industrial Park and TOD New City, and quality education resources such as Wellington College has been introduced. Moreover, high-end ancillary facilities such as branded hotels, high-end offices, convention centre, commercial complex, culture and arts centre, and smart vitality residential community will also concentrate in this area. In future, the project will develop into a high-grade, ecological, smart and good habitat modern new city upon completion with urban facilities, smart manufacturing, smart industry and eco habitat available at one stop, and will become a driving force to promote the integrated development in Yangtze River Delta.

In September 2019, China Jinmao and Jiashan Economic Development Zone formally entered into the cooperation development agreement of Shanghai Window Smart Science City. On 29 November 2019, the groundbreaking ceremony for the project was held.

Fuzhou Binhai Smart New City The project, located in the core area of the Coastal New City in Fuzhou, has a total site area of approximately 1,280 mu (equivalent to approximately 850,000 sq.m.) and a total gross floor area of approximately 2 million sq.m. The project plans to develop a city core area with high-end commercial complexes, grade 5A office towers, five-star hotels, central park and dual track interchange, and to create an innovative magnetic pole for industries to attract various types of industry clusters such as scientific research incubation platform, smart scientific research flagship headquarters, business convention centre, smart synergy and industrial innovation complex and ecological community. In future, it will become the CBD of Binhai Smart New City and a model international new city at the core zone of Fuzhou New Area.

On 11 December 2019, China Jinmao acquired "Bin Pai land parcel no. 2019-5" for the project. On 22 January 2020, it acquired "Bin Pai land parcel no. 2019-7" for the project. The successful acquisition of both land parcels indicated that the Fuzhou Binhai Smart New City Project was fully initiated.

Hangzhou Fuyang Qinwang City Complex The project is located in the core zone of Fuchun area in the Fuyang District and adjacent to Fuchun River. The project has a total site area of approximately 423 mu (equivalent to approximately 280,000 sq.m.) and a total gross floor area of approximately 760,000 sq.m. The project is positioned as the eye of the city and a riverside core business district, comprising Grade 5A offices, international 5-star hotels, commercial street zones with riverside style and high-quality residences. An industry landscape of "1+1+X" will be created to undertake overflowing business from industries, complement technological research and development resources, support healthy scenarios and introduce health technology resources in order to gather efforts to develop six key industries, including high-end equipment, IT manufacturing, artificial intelligence, modern medicine, new materials and new energy automobiles. In future, the project will be developed into a cultural brand for Fuyang, supporting the upgrading and transformation of city capabilities, to build a new commercial, leisure and cultural landmark.

On 16 December 2019, China Jinmao successfully acquired the entire land parcel for the project in a single transaction. On 11 January 2020, the project of Hangzhou Fuyang Qinwang "City Eye" complex formally commenced construction, which was included in the list of key construction projects in the "Greater Bay Area" of the province.

Zhengzhou Erqi District Mazhai New City The project is located within the Erqi District of the main city area of Zhengzhou, in close proximity to West Four Ring Road, and embraces the scenic view of reservoirs. The project has a total site area of approximately 8,145 mu (equivalent to approximately 5.43 million sq.m.) and a total gross floor area of approximately 4.88 million sq.m. China Jinmao and Yicheng Holdings (頤城控股) will jointly develop the project, relying on the advantages of good location and rich ecological resources of the Mazhai New City Project, and riding on the right timing that high-quality national central cities will be developed in Zhengzhou. By following the overall operation philosophy of scientific planning, overall design, priority for ancillary facilities, and rolling development practice, and through the process of city operation, population gathering, industry attraction, promoting the upgrading of city landscape and upgrading of city industries, the Mazhai New City Project will be developed into a smart, green, ecological, international, innovative and creative city.

During the Period under Review, all project nodes progressed on schedule.

① Changsha Meixi Lake International New City

② Nanjing Qinglong Mountain International Ecological New City

③ Qingdao China-Europe International City

④ Wenzhou Oujiang International New City

⑤ Qingdao Jimo International Smart New City

⑥ Wenzhou Rui'an Eco Science City

⑦ Suzhou Zhangjiagang Smart Science City

⑧ Ningbo Life Science City


© Xuzhou Chuhe Jinmao Palace

PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT

Lingshan Island • Jinmao Harbour is located at Pearl Bay in Nansha Free Trade Zone, in the central part of Lingshan Island. Lingshan Island attracted global 500 enterprises, such as Bank of China and China Communications, to build a home base for headquarters of global 500 companies, and is planned to be the CBD of Nansha. The surrounding areas in the bay regions accommodate experimental schools, large shopping malls, sports stadium and AAA hospital, such as CUHK medical centre, enjoying all prosperities of a city. The project has created eight major green fintech systems, smart homes and customised refinements to establish the quality benchmark for smart technology residences in Nansha.

During the Period under Review, the project became the new benchmark for sales volume and selling price in the area immediately after launching. More than 70% of the units were sold against the general trend, with the average selling price higher than that of competitors in the surrounding region. It renewed the benchmarks for sales volume and selling price again in the region, and became the cover page story for luxurious properties in Nansha in the Guangdong-Hong Kong-Macau Greater Bay Area.

Zhujiang Jinmao Palace Project is located in the billion worth new city in Liwan District- the first row of Guangzhou Iron & Steel facing south to park view. The project meets with the headquarters building of Guangzhou Iron & Steel in the east, and is adjacent to the Guangzhou Iron & Steel Central Park in the south. The view of the first row in the park is facing south to the park and overlooking Zhujiang in the east. It is the first property of the Jinmao Palace series in southern China, a benchmark of Guangzhou Iron & Steel projects and the best seller among luxurious property projects in Guangzhou in terms of sales amount.

During the Period under Review, the project was 3-fold champion in terms of amount, area and units of large-scale properties in the Liwan District. It inherits the genes of luxurious properties of the China Jinmao Palace series to realise the strategic objective of brand expansion.

Shenzhen Longhua Jinmao Palace is a heavy-weight major project of China Jinmao to extending coverage in the Guangdong-Hong Kong-Macau Greater Bay Area and its first property in Shenzhen, the socialist first-mover model region. It is built with the highest standards of the Palace series and the first development of Jinmao Palace 2.0 version. Five international designers joined the project, with 12 major green fintech + 6 major smart systems, to build the first pilot project in Shenzhen for sales of completed residential properties. It consists of the first public kindergarten with double green labels in Longhua, and has attracted the affiliated school of East China Normal University. The high-end commercial street has commenced business before market launching of the project, with excellent ancillary facilities.

During the Period under Review, the project was launched for the first time, received visits from nearly 1,000 groups of media and senior management of peers from nationwide and became a study model in the industry.

Suzhou Science and Technology City • Jinmao Palace is located in the Eco Science and Technology City, covering premium high-rise apartments, premium duplex units, low-rise duplex units, boutique hotels and integrated commercial street areas, with a view to create a science and technology flagship community with all business types and all kinds of resources. It creates the Suzhou 3.0 oxygen home era. It is equipped with 12 major science and technology systems and obtained both domestic and international certifications.

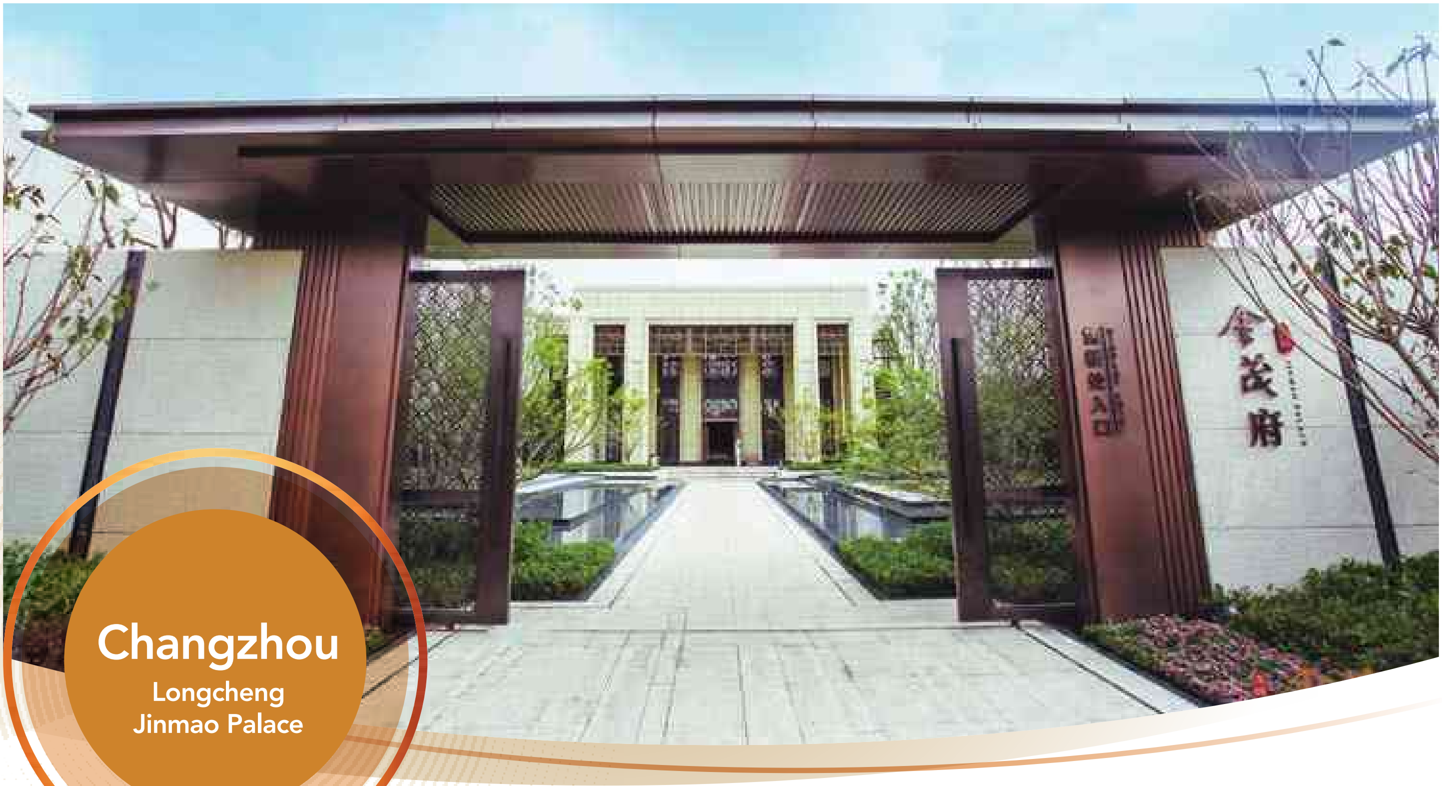
During the Period under Review, the Science and Technology City • Jinmao Palace was launched three times and sold out at each time, breaking the best seller records in Suzhou and became the best seller for 2019 in Suzhou. The Phase I of Science and Technology City • Jinmao Palace was delivered at the end of the year smoothly.

Ningbo Haishu Jinmao Palace is located at the core location of Haishu District, near the Liyuan South Road Station of Metro Line No. 2. There are 6 parks within the 3 km vicinity. It is surrounded by two rivers with an excellent ecological environment. Comprehensive ancillary facilities including large shopping mall, hospital and school are available within 1 km. The project is the only product of the Palace series being sold in Ningbo that has received the 3-star BREEAM certification from the UK.

During the Period under Review, the project ranked No. 4 in total sales of six districts of Ningbo. Among property projects launched for sales at the unit price of RMB30,000 per sq.m., it ranked No. 2 in the number of units sold and No. 3 in total sales amount.

Wenzhou Lucheng Jinmao Palace is located in the Hengdu segment of the criss-cross central axis at the centre of Wenzhou. The project is neighbouring to the municipal government, within a straight-line distance of just 500 metres. In its surroundings, government entities and public enterprises are located, with administrative and ancillary facilities such as schools, municipal library, municipal museum, sports stadium, museum of technology and theatres available in its surrounding areas. The project adheres to the internal core values of "Green Health, Smart Technology", integrates and utilises 12 major technological systems to form an ecological cycle for energy, and creates the first technological residence in genuine meaning in Wenzhou.

During the Period under Review, the project was launched three times and sold out at each time, ranking No. 1 in sales amount for the first half of 2019 in Wenzhou. It also breaks through the freezing-point in the property market to become the best-selling property in Wenzhou. At present, all construction works of the project are proceeding in an orderly manner as scheduled.



Changzhou Longcheng Jinmao Palace

Changzhou Longcheng Jinmao Palace is located at the core centre of the Bell Tower New City in Changzhou on the eastern side of Qingfeng Park, and near the Haitang Station of Metro Line No. 2, with plenty of expressways and inner ring roads in the surrounding areas, and has access to various regions of Changzhou within 15 minutes. The project is the principal representative of luxurious residences with health technology in Changzhou, whose luxurious technological residential units are built with the top ten habitat technologies and has won the awards of "Changzhou Quality Property Project" and "Best Property Project Worth Awaiting", helping to establish the presence of the brand of China Jinmao in Changzhou.

During the Period under Review, the Longcheng Jinmao Palace project was hot-sale continuously, units with an area of 182 sq.m. were launched 2 times and were sold out at each time, and all other tasks of work were proceeding in an orderly manner as scheduled.

Xuzhou Red Star • Yunlong Jinmao Residence Project has a total site area of 199,000 sq.m. and a total gross floor area of approximately 580,000 sq.m. The project is located at the junction of Heping Road and Third Ring East Road, occupying the prime location on Heping Road in the eastern part of the city and connecting the new city and old city areas. The landscaping design advocates the concept of a community park, striving to bring home the lifestyle experience in a park. The four key elements of mountain, water, garden and woods are drawn from the natural resources in the surroundings and the living environment for injecting into various fine details under the community park concept.

During the Period under Review, the project was launched three times and sold out at each time, becoming a hot-sale landmark product in Xuzhou's high-end residential market and winning the award of the best-selling individual project for 2019.

Xi'an Chang'an Jinmao Palace is located in the core segment of Chang'an University City in Xi'an within the coverage area of the high-new CID (Central Innovation District). It is the first residence in Xi'an with 3-star BREEAM certification from the UK. While utilising the 12 major technological systems of Jinmao Palace, such systems were upgraded and replaced by new generations according to the climatic characteristics of Xi'an to provide more comfortable green habitat systems suitable for the residents in Xi'an. The systems are oriented on human living experience to provide green and healthy living conditions for residents with comfortable temperature, humidity, oxygen supply, purity and serenity.

During the Period under Review, the project was launched three times with additional units released in two events at higher prices. It ranked among the top five in sales amount among commodity housing projects at similar price level in Xi'an.

Wuhan Yangluo Jinmao Noble Manor Project is located in the core area of the "Heart of Yangluo", the central core area in the eastern part of Changjiang New City in Wuhan. It is linked to the Chaibo Avenue (a public development axis of the city) in the north, adjacent to Wanda Plaza, and in close proximity to the Blue Chalcedony Necklace Eco Park in the east. It is approximately 1.2 km from the Shigang Station of the newly operated Yangluo Line, and is adjacent to the Chaibo Avenue Station of Xingang Line reported to be built. Its geographical location is excellent. The project will be developed into a city complex of million square metres comprising star-rated hotels, commercial walking street, business office buildings, high-rise residences and courtyard houses.

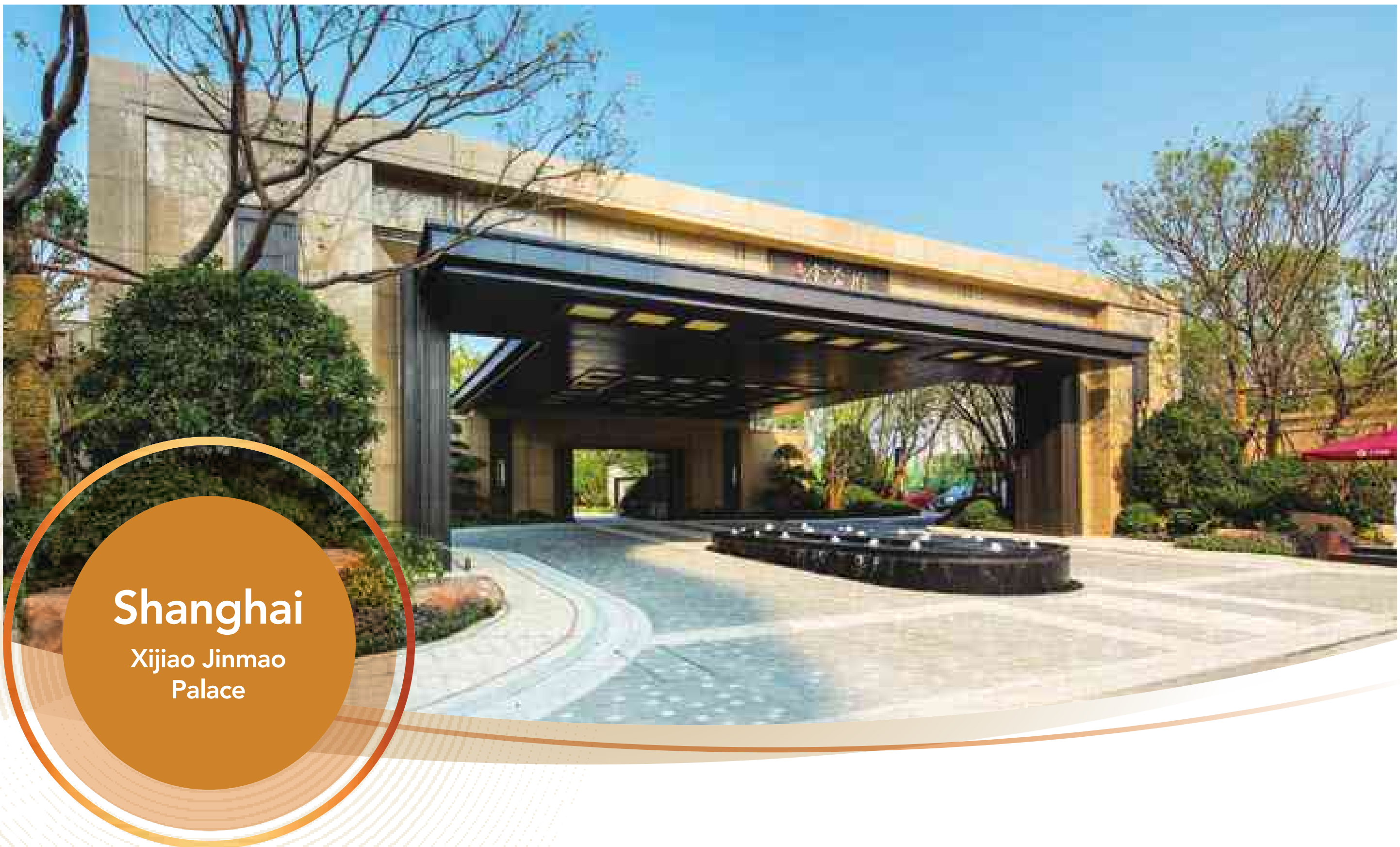
During the Period under Review, the project was launched ten times and sold out all units at each time, with the number of units sold ranking No. 1 in the Heart of Yangluo area during the year.

Chengdu Wuhou Jinmao Palace Project is located in Chengdu Wuhou New City at the junction between Wuhou Avenue and Zhigu Avenue, and within the region of Wuhou New City along the Third Ring Road in the Southwest part of Chengdu. It is a high-end low-density residential area created by the government as a key development. The project is the only green residential property in Chengdu with "BREEAM + 3-star Green Building" dual certifications, reforming the traditional residential living style by making healthy life a top priority.

During the Period under Review, the project was launched three times and sold out all units at each time, establishing a high-end branding image for Jinmao Palace, and its sales amount for the year accounted for 40% of the market share in the entire Wuhou New City segment and ranked No. 1.

Kunming Jinmao International New City is located in Wujiaying segment of Chenggong core area, to the east of Kunming municipal government building. The project inherits the fine craft and quality of "Jinmao" and comprises three major forms of residential properties, including high-rise apartments, residences with panoramic view and spacious courtyard houses, to create a scarce living circle in the city comprising low-rise and low-density properties, the living style in Chenggong is completely upgraded.

During the Period under Review, the project was the best seller in Chenggong district for the month when it was launched for the first time.



Shanghai Xijiao Jinmao Palace is located at Jiading District, Shanghai, marking another masterpiece of the Palace series in Shanhai by Jinmao. The project sits nearby Hongqiao transportation hub and Hongqiao business district, and is within the presence area of the greater Hongqiao. The project inherited Jinmao's green gold quality and genes of luxury residence, including 12 major green technology systems, and was honored with the Design Award (2 star) of the National Green Building Design Standard* (國家綠色建築設計標準2星級設計獎項).

During the Period under Review, the project was launched three times and sold out at each time, and ranked No.1 among products of same segment sold at the same period, achieving phenomenal results. So far, all units are nearly sold out.

Shoukai Hangzhou Jinmao Palace, the flagship project of "Central Luxury Residence Zone" in the compound of West Lake, Hangzhou, is located at Gongshu District, Hangzhou, adjacent to the Government of Gongshu District, Intime City and Joy City. The project is the first-ever product under Jinmao Palace series located at downtown Hangzhou. We have engaged world-famous designers and utilised 12 major technology systems as well as 5 major cutting-edge technologies, aiming to create the flagship property of 3 million square metres with a value of RMB10 billion, and build a model for ideal human settlements. Our goal is to facilitate and innovate the human settlements with green technology and reshape the value in downtown Hangzhou, as well as define the "Central Luxury Residence Zone".

During the Period under Review, the high-tech townhouses and high-rise luxury residence achieved satisfactory results with all residential property sold out, and ranked No.2 among luxury residence sales in the same segment.

© Qingdao Jinmao Harbour Shopping Mall

Shanghai Jin Mao Tower – office portion

COMMERCIAL LEASING AND RETAIL OPERATIONS

COMMERCIAL LEASING

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate remained high generally with growing rental levels.

Occupancy rate of major office buildings

	Beijing Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion	Changsha Meixi Lake International R&D Centre
2019	100.0%	100.0%	92.7%	86.2%	100.0%
2018	99.6%	100.0%	90.9%	88.5%	100.0%

Beijing Chemsunny World Trade Centre which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Beijing Sinochem Tower which is situated at the heart of Beijing on Fuxingmen Wai Avenue, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Shanghai
Jin Mao Tower – Office Portion

Shanghai Jin Mao Tower which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its superior landmark effects make the tower one of the first choices as place of business in Shanghai for prestigious domestic and foreign corporations.

RETAIL OPERATIONS

Shanghai J•LIFE Located in the core area of the Lujiazui CBD in Shanghai, Shanghai J•LIFE is one of the landmark buildings in China, which commenced operation in 2005. Being the first commercial and retail business centre in the Lujiazui region, the project adhered to the line of portfolio based on experience and quality of commercial and lifestyle services, striving to attempt and explore innovative businesses constantly, and anchored with a variety of famous brands engaging in catering, healthcare and nursing, sports and social networking, and international education services, providing unique and personalised lifestyle services for high-end business customers.

During the Period under Review, the operation of Shanghai J•LIFE was stable.

Nanjing Jinmao Place is located in the Hunan Road business district in the main city region of Nanjing, adjacent to the Xuanwu Lake subway station in Nanjing, and occupies the best geographical location alongside the Xuanwu Lake. Since commencement of business at the end of September 2015, it has become one of the dynamic, trendy, energetic and quality shopping mall in the main city region of Nanjing. In preparation for upgrading and rebranding the Nanjing Jinmao Mall of Splendor in 2020, the consumer areas of the project have been completely upgraded. Targeting at the demand of young consumers, more relaxing and comfortable consumption settings are created.

During the Period under Review, while ensuring the stable operation of the project, Nanjing Jinmao Place also gradually pushed forward the preparation work for upgrading and rebranding the Mall of Splendor at the same time.

Changsha Jinmao Mall of Splendor Being the first Mall of Splendor under China Jinmao, Changsha Jinmao Mall of Splendor is located in the core region of Meixi Lake, facing an excellent view of Meixi Lake, with Meixi Lake International Culture and Arts Centre to the east, and is seamlessly connected with the Changsha Metro Line No. 2. Since its opening, the project focused on the customer groups of young families and young people in Changsha, collected a variety of famous domestic brands, and presented the innovative and proprietary business forms of Jinmao, it became a gathering place for pioneer experience-based, leisure-based and social-based business lifestyles in central China.

During the Period under Review, Changsha Jinmao Mall of Splendor focused on consumption demand and consumer preference of the core customer groups, through targeted marketing and brand introduction, the performance of the project was enhanced and the operating conditions continued improving.

Qingdao Jinmao Harbour Shopping Mall is located at the harbourfront of Jiaozhou, Qingdao, inside the Shinan District, and adjacent to the Qingdao harbour ferry terminal and cross harbour tunnel of Jiaozhou Bay, it is a commercial complex project nearest to the sea in Qingdao region. At present, the project is a gathering place for trendy living and integrated with shopping, catering, entertainment and healthcare services to satisfy the demand for high quality, one-stop and family-based shopping mall from residents in the region. It is a heart-warming harbour built for family leisure living services for 100,000 permanent residents in the surrounding region.

During the Period under Review, Qingdao Jinmao Harbour Shopping Mall created the new model of social-commercial marketing, converging government resources, education resources and community family groups. By increasing marketing efforts to stimulate growth in customer traffic, the operating results of the project has been improving steadily.

HOTEL OPERATIONS

© The Ritz-Carlton Sanya, Yalong Bay

HOTEL OPERATIONS

General Overview

During the year, faced with uncertainties in the economic environment and intensive market competition, the hotel operations segment changed their operating philosophy to create differentiated products and actively sought market opportunities, while adopting flexible sales strategies to optimise their customer mix and enhancing the quality of service, which enabled the Group to continue maintaining the leading position among competitors within the same region.

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2019

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha
Average room rate	1,391	982	1,748	1,123	1,050	763	704	1,081	712	736
Average occupancy rate	89.1%	86.1%	68.4%	85.0%	87.9%	80.1%	48.2%	87.6%	55.8%	65.4%
Average revenue per available room	1,240	845	1,196	954	923	612	339	947	398	482

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2018

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha
Average room rate	1,411	1,108	2,146	1,218	1,096	745	724	968	723	744
Average occupancy rate	89.4%	89.6%	62.4%	82.4%	84.7%	76.2%	54.2%	88.6%	48.4%	55.2%
Average revenue per available room	1,261	993	1,340	1,004	929	568	393	857	350	411

Information of Projects

① Grand Hyatt Shanghai

Situated on 53rd to 87th floors of Jin Mao Tower, Grand Hyatt Shanghai was opened in 1999. The hotel was named in the Guinness World Record 2000 as the highest hotel in the world. Since its opening, leveraging its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

② Shanghai Hyatt Regency Chongming

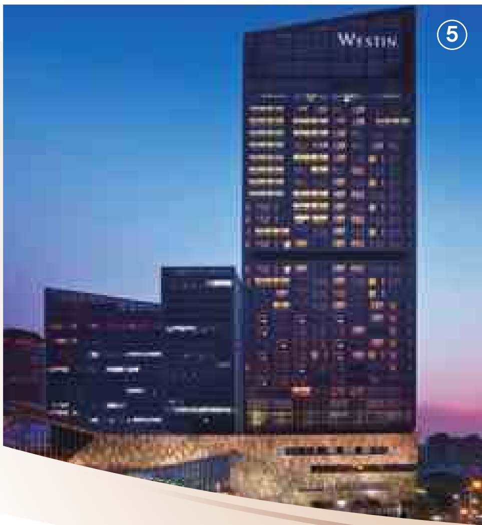
Located in the east of Chongming Island, the third largest island in the PRC, Hyatt Regency Chongming was opened in 2014. The hotel is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge and is located near Dongtan Wetland Park, which is also a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land.

③ Hilton Sanya Yalong Bay Resort & Spa

Hilton Sanya Yalong Bay Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled resort experience", a basic concept embodying strong southern China's characteristics.

④ The Ritz-Carlton Sanya Yalong Bay

Situated at the enchanting Yalong Bay in Sanya, The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. Since its opening in 2008, the hotel has been well received by affluent global travellers and gained recognition from the tourism industry, and has received many awards worldwide.



⑤ The Westin Beijing Chaoyang

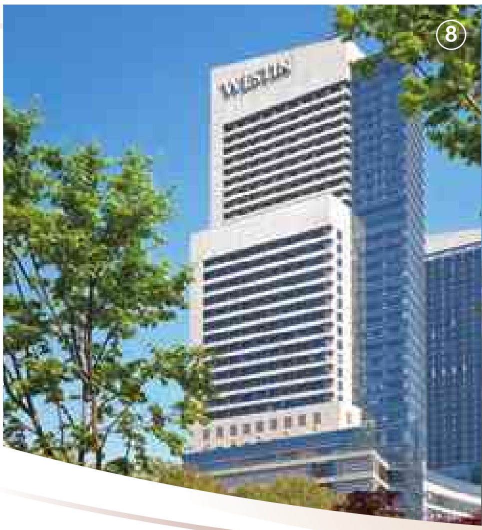
The Westin Beijing Chaoyang is a 34-storey luxury hotel located in the Yansha Business Circle nearby Sanlitun, the central business district of Beijing and home to embassies, corporate headquarters and retail shopping malls. Since its opening in 2008, the hotel has served numerous foreign heads of state sports stars and business elites, highlighting the high-end brand image of the hotel.

⑥ Renaissance Beijing Wangfujing Hotel

Renaissance Beijing Wangfujing Hotel, which is situated at Wangfujing Avenue and adjacent to Tian'anmen Square and Palace Museum, was opened in 2014. The hotel adopts a unique dual-wing architecture design with an endless stream of spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the CBD of Wangfujing to the east, blending the modern and classic into one.

⑦ JW Marriott Hotel Shenzhen

JW Marriott Hotel Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the local seasonal characteristics, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.



8 Westin Nanjing

Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 234 guest rooms, each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

9 Lijiang Jinmao Hotel • The Unbound Collection by Hyatt

Lijiang Jinmao Hotel • The Unbound Collection by Hyatt, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue, is adjacent to the Old Town of Su River and connects to J • Life's exquisite commercial portion and premium quality villas.

Jinmao Purelax Mountain Hotel, Lijiang, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotel perfectly integrates the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their rooms.

10 Meixi Lake Hotel, A Luxury Collection Hotel, Changsha

Officially opened in 2016, Meixi Lake Hotel, A Luxury Collection Hotel, Changsha is located at the prime location in the State-level Xiangjiang New District adjacent to Meixi Lake International Cultural & Art Centre. Taking the design of "Exploring the peach garden" and blending the cultural essence of Hu and Xiang, the hotel leads travellers from all over the world to embark on the journey of exploring the peach garden.

JM Capital

In 2019, under the strategic guidance of China Jinmao, JM Capital assumed the responsibility of being an "expert of financial services for city operations" and fully utilised the strategic synergy of being the "financial wing" through the continuous establishment of two business segments, namely real estate fund and PE investment.

In the development of real estate fund, JM Capital strengthened its core competitiveness in financing persistently, developed REITs and promoted innovations in the fund business. Diversified financing channels were developed, the financial empowerment role was effected, and the blue sea of refreshed businesses in cities was explored. In the development of PE investment, JM Capital commenced its investment plans around the industrial chain of the city operations of China Jinmao, targeting at the three major industries of big technology, big culture and big healthcare, enabling China Jinmao to innovate, upgrade and implement the industries.

FINANCE AND SERVICE

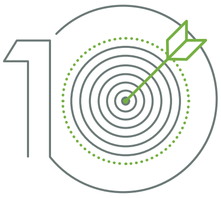
Jinmao Green Building

Jinmao Green Building continued to maintain a good development trend in smart energy, building technology and R&D and innovations. It focused on the future development needs of smart energy and lay the foundation for building more intelligent houses.

In 2019, the construction of 5 regional energy projects were proceeded in an orderly manner, ISP licenses were successfully obtained and the cooperation model of "city operation + smart energy" was innovated. The smart energy research institute and the building technology research centre were established, and workstations for fellows and experts were formed to enhance the R&D, innovation and problem-solving capabilities in smart energy and building technology comprehensively.

GREEN STRATEGY

CHINA JINMAO GREEN STRATEGY



DESCRIPTION

In 2019, the Group continued to implement the green strategy as a crucial soft power of the Company to achieve innovative development and differentiated competition. The 2019 China Green Real Estate Development Report adopted the improved "PRIMB Model" to conduct comprehensive analysis and integrated evaluation on nearly 200 real estate enterprises. Among them, China Jinmao ranked No. 1 in the Top 10 Most Competitive Green Property Developers in 2019; China Jinmao ranked No. 1 in the Top 10 Most Competitive Centrally-owned (State-owned) Green Property Developers; China Jinmao ranked No. 1 in the Top 10 Most Influential Green Property Developers; and China Jinmao ranked No. 6 in the Top 10 Most Competitive Green Commercial Property Operators.

In 2019, China Jinmao obtained a total of 30 green building certifications and labels, including a total of 20 Guobiao green building certifications or labels, 8 BREEAM certifications, 1 LEED pre-certification and 1 Guobiao healthy building certification. Among residential projects, the land parcel c-05a in Oujiangkou of Wenzhou, Wenzhou Lucheng Jinmao Palace, Guangzhou Lingshan Island • Jinmao Harbour Phase I, Nantong Jinmao Yayuan Project and Chengdu Jinmao Palace Phase I received 3-star Guobiao green building certifications, and Hangzhou Dongcheng Jinmao Palace received 3-star Guobiao green building label. Among commercial office premise projects, the integrated development project on the land parcel HK322-01 at Tilanqiao Street in Hongkou District received 3-star Guobiao green label and LEED gold certification. As of 2019, China Jinmao received 170 green building labels on cumulative basis, representing more than 90% of the project developments, including a total of 94 national green building certifications or labels, 42 BREEAM certifications, 24 LEED certifications, 1 LEED pre-certification, 8 WELL pre-certifications, 1 Guobiao healthy building certification, and all international green healthy labels were above gold level. At present, the total gross floor area of projects that have satisfied the design requirements of green label was 14,406,200 sq.m. The annual total volume of reduction in carbon emissions is expected to be more than 300,000 tonnes. This shows that Jinmao products have persistently sought to meet and surpass high standards and quality.

In 2019, R&D and application of the Jinmao Palace 2.0 technological system commenced comprehensively: guided by customer demand, focused on user scenarios and extensive targets. Starting from the dual themes of green health and smart technology, analysis was conducted on customer needs to establish the targeting technological scenarios, and carried out various technological research and upgrading under the guidance of these technological scenarios, and a comprehensive upgrading report for generation improvement for the Palace series was established. Continuous R&D and application were conducted on various products of healthy habitat and intelligent technological systems. Meanwhile, in 2019, China Jinmao summarised the technological R&D results and completed the documentation on the guidance for China Jinmao Palace Series Smart Home 2.0 configuration standards and the guidance for standardisation of Jinmao Palace Science and Technology Museum.

In addition, China Jinmao continued to provide comprehensive energy services including regional heating, cooling and power supply. As at the end of 2019, 46 energy station projects at city, regional and project levels were invested, constructed and operated. The energy supply area covered by energy stations under construction and in operation reached a total of 28 million sq.m., and the expected annual reduction of carbon emissions was 270,000 tonnes.

2 MAJOR ACTIVITIES AND HONOURS

1. China Jinmao participated in the 15th Conference on Green Building in China

On 3 and 4 April 2019, the 15th Conference on International Green and Energy-Efficient Building cum New Technologies and Products Expo was held in Shenzhen, which was jointly organised by the Chinese Society for Urban Studies, the municipal people's government of Shenzhen, the US-China Green Fund, Green and Energy Efficient Building Professional Committee of the Chinese Society for Urban Studies and the Eco City Studies Professional Committee of the Chinese Society for Urban Studies. As a pioneer and leader in the green building industry in China, China Jinmao has many explorations and innovations on the road to green development over the years, and has been invited again to attend the Conference and explain the concept of "zero-carbon city operation" concluded from city operations over the years in detail at the series sub-forum.

At the main forum held on 3 April 2019, China Jinmao shared its city operation practice and thoughts on "Upgrade Green Building, Support and Promote Green Development". Since 2011, China Jinmao has been adhering to the green strategy as one of its key strategies, promoting a full-cycle green concept, and creatively summarised into three key directions of eco-city, building life and zero-carbon operations to realise the strategic layout of "utmost green quality".

On 4 April 2019, at the sub-forum of the Conference, China Jinmao had further sharing with participants systematically around the themes of "smart city", "smart energy" and "zero-carbon city renewal". China Jinmao explained the zero-carbon city operation concept of Jinmao from the three perspectives of city, community and residences, respectively, and outlined a smart and low-carbon full picture of city operations in the future.

As a pioneer for quality city, China Jinmao will continue to promote constructions of urbanisation in China.

2. 2019 Summit on Green Building Industrial Chain in China cum the 21st CIHAF (China International Real Estate & Architectural Technology Fair)

On 4 December 2019, the "Green China • Core Real Estate" 21st CIHAF of 2019 was held in Beijing. It was organised by China Real Estate Business; the organising committee of CIHAF, creb.com.cn and Zhong Fang Think Tank. Since the "Green Property Developer" award began in 2012, China Jinmao has been on the ranking list and kept on exploring and innovating to become a benchmark brand in the green building industry. By leveraging on its continuous explorations and outstanding contributions in green smart technology, China Jinmao was presented 5 major awards in 2019.

3. The 10th China Human Settlements Forum

On 10 to 12 January 2019, the 10th China Human Settlements Forum with the theme of "Green Upgrading, Creating Future Vision – Sustainable Development of Human Habitat" organised by the China Real Estate Association was formally held in Guiyang. As one of the key activities of the Forum, the new edition of Green Settlement Standards (綠色住區標準) compiled by China Jinmao and others was unveiled and attracted attention from peers in the industry. The new edition of Green Settlement Standards fully absorbed the extensive and practical experience obtained from the implementation process of the original standards, and combining with the conditions of our nation, it was improved and consistent with international advanced experience of sustainable development. The contents of the standards was optimised based on the "Three Efficacies" of environment, economy and society at the top, and realised sustainable green development with regional synergies, providing reference and direction for green habitat work in the new era to promote innovation in the industry for developing a new landscape.

4. Jinmao Green Building participated in two advisory board activities organised by CfAD and UL

On 20 November 2019, New York City, New York State – CfAD, the operator of the global leading certification system Fitwel, announced to expand the Fitwel advisory board, and established the first regional board – Asian Advisory Board. Beijing Jinmao Green Building Technology Co., Ltd. participated in two advisory board activities organised by CfAD and UL to conduct professional exchange of views. Discussions included the views on market potential, healthy building, insights on increasing community demand and opinions on how to support market transformation in Asia. A total of 29 representatives from industry leading entities in various aspects of construction environment and representing US, Mainland China, Taiwan region, Vietnam, Thailand and Malaysia participated in these two exchange activities. Views on market potential, healthy building and insights on increasing community demand were exchanged in these exchange activities. Opinions on how to support market transformation in Asia were also exchanged.

The inception of the first advisory board of Fitwel was supplementary to the formation of the Leadership Advisory Board (LAB) and the global advisory board of Fitwel two years ago. Fitwel is still the global leading healthy building certification body, more than 940 registered projects were approved so far, affecting more than 740,000 persons, of which more than 340 projects have been approved or under review.

5. Jinmao Green Building jointed UA Design (尤安設計) to establish a technological residence research and innovation centre

To push forward green building, realise innovation of technological residence, create a guiding benchmark for high quality technological residence in China, and satisfy sustainable and high quality residential development needs, on 20 June 2019, Jinmao Green Building and UA Design jointly established UA Jinmao Green Building Technological Residence Research and Innovation Centre to focus on R&D of green technological residence and innovation of technological residential products, providing support to promote the development of the green building industry. UA Jinmao Green Building Technological Residence Research and Innovation Centre is based on the philosophy of innovation and coordination of green residential development, and conducts in-depth studies on areas such as healthcare, elderly care, schools and old city renovation projects. Through the results achieved in the stages of planning, design and construction, a uniform and standardised R&D management system is formed to provide a basis for realising more comfortable and ideal living environment.

6. China Jinmao's First Fellow and Expert Workstation – Building Integrated Photovoltaic (BIPV) – Establishment of Fellow Workstation

On 6 November 2019, the opening and operation ceremony of Jinmao Green Building Fellow and Expert Workstation was held at the Jinmao Green Innovation Centre. The first fellow and expert workstation of Jinmao was inaugurated. The workstation brought in Mr. Shi Zhengrong, a fellow of the Australian National Science and Engineering Technical Institute, and other high-end talents for synergetic development. Mr. Shi said he hoped all members could work closely, utilising their own advantages and resources in the aspects of technology, scientific research and information accumulated in the photovoltaic industry, to innovate the technology of Jinmao Green Building and provide support to the development of photovoltaic technology, and to realise the true value of the fellow and expert workstation.

The establishment of the first fellow and expert workstation indicates the Company has moved a new step forward in industry and academic research cooperation, and has made new progress in driving technological innovations. This will facilitate further development of China Jinmao, transformation and upgrading of product research and development, and become a new force driving the development of the Company. We hope to have further and deeper cooperation with Mr. Shi to realise sharing of resources, complementary advantages and joint development.

7. Other awards in 2019

- Mr. Song Yi, the Vice President of Asia Region of IWBI, and his team awarded the IWBI Membership Certificate to Jinmao Green Building, formally welcomed Jinmao Green Building to join the IWBI membership;

- At the award presentation ceremony of 2019 BRE China Awards, Jinmao Green Building won the honour of the Best Strategic Cooperation Partner;

- Jinmao Smart International City won the 2019 BRE China Region Innovative Project Award;

- The Future Jinmao Palace Project of Jinmao Beijing won the award of "2019 Top 10 Green Buildings in China";

- Jinmao Green Building was granted the licensing rights of 1 invention patent, 37 utility model patents and 6 software copyrights in 2019.

3 VISION OF GREEN DEVELOPMENT

In time we shape the city and the future is full of possibilities. Up to the end of 2019, China Jinmao has applied advanced low-carbon concept in the design, construction and operation of more than 200 projects in 47 cities across China, achieving comprehensive green and low-carbon transformation in the city or region as a whole.

The past is a prologue. In the journey of exploring green intelligence, China Jinmao, as the leading city operator in China, will set a "no limit" perpetual plan adhering to the principle of "In Science We Trust" to revive with more cities in search of a better tomorrow.

REVIEW ON OVERALL RESULTS OF THE COMPANY

For the year ended 31 December 2019, profit attributable to owners of the parent amounted to RMB6,452.2 million, representing an increase of 24% compared with RMB5,210.9 million in last year. Profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB6,114.8 million, representing an increase of 20% compared with RMB5,084.1 million in last year.

Basic earnings per share, gross profit margin (by business segment) and net debt-to-adjusted capital ratio are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group, and effectively evaluate the management's governance level and whether the goal of maximising shareholders' interests is achieved.

REVENUE

For the year ended 31 December 2019, the revenue of the Group was RMB43,355.9 million, representing an increase of 12% compared with RMB38,732.7 million in last year.

Revenue by business segments

	For the year ended 31 December				
	2019		2018		
	RMB million	**Percentage of the total revenue (%)**	RMB million	Percentage of the total revenue (%)	**Year-on-year change (%)**
City operations and property development	**37,721.4**	**87**	33,734.2	87	12
Commercial leasing and retail operations	**1,446.8**	**3**	1,449.8	4	0
Hotel operations	**1,967.1**	**5**	2,047.9	5	-4
Others	**2,220.6**	**5**	1,500.8	4	48
Total	**43,355.9**	**100**	38,732.7	100	12

In 2019, revenue from city operations and property development of the Group increased by 12% over that of last year to approximately RMB37,721.4 million and accounted for approximately 87% of the total revenue, which was mainly attributable to the increase in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations was basically the same as compared with that of last year and accounted for 3% of the total revenue. Revenue from hotel operations decreased by 4% from last year and accounted for 5% of the total revenue, which was primarily due to the decreased market demand for some of the traditional resort hotels to some extent. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management, green buildings technology and building decoration) accounted for 5% of the total revenue, representing an increase of 48% over that of last year, which was mainly due to the increase in revenue from building decoration, property management business, green buildings technology.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2019 was approximately RMB30,591.2 million (2018: RMB24,194.5 million). The overall gross profit margin of the Group in 2019 was 29%, which decreased by 9 percentage points as compared with 38% of last year, mainly attributable to the decrease in the gross profit margin from the city operations and property development segment.

The gross profit margin of city operations and property development of the Year decreased as compared with that of last year; the gross profit margin of commercial leasing and retail operations as well as the gross profit margin of hotel operations both remained the same as compared with that of last year. The gross profit margin of other business sectors increased marginally as compared with that of last year.

Gross profit margin by business segments

	For the year ended 31 December	
	2019	2018
	Gross profit margin (%)	Gross profit margin (%)
Overall	**29**	38
City operations and property development	**27**	36
Commercial leasing and retail operations	**87**	87
Hotel operations	**49**	49
Others	**21**	17

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2019 amounted to approximately RMB6,112.1 million, representing an increase of 125% from RMB2,722.4 million in last year. The increase was mainly due to the increase in the acquisition of the Company's subsidiaries and gain on the disposal of the Company's subsidiaries in 2019.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2019 increased by 25% to RMB1,314.3 million from RMB1,051.6 million in last year, mainly due to the increase in selling and marketing expenses of Beijing Yizhuang Jinmao Palace Project, Shanghai Daning Jinmao Palace Project and Guangzhou Nansha Jinmao Harbour Project. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2018: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2019 amounted to RMB3,052.2 million, representing an increase of 26% from RMB2,417.5 million in last year, mainly attributable to the Group's business expansion and the increase in general office expenses. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 7% (2018: 6%) of the Group's total revenue.

OTHER EXPENSES AND LOSSES, NET

Other expenses and losses, net of the Group for the year ended 31 December 2019 amounted to RMB6.9 million, representing a decrease of 81% from RMB36.1 million in last year, mainly attributable to the decrease of hedging losses on hedging instruments.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2019 was RMB6,921.5 million, representing an increase of 29% from RMB5,377.6 million in last year, mainly attributable to the new issuance of bonds and increase in loans during the Year. Among them, the interest expense capitalised by the Group amounted to RMB4,652.4 million, representing an increase of 57% from RMB2,957.0 million in last year; finance cost of the Group amounted to RMB2,269.1 million, representing a decrease of 6% from RMB2,420.6 million in last year.

INCOME TAX EXPENSE

The Group had an income tax expense of RMB4,195.0 million for the year ended 31 December 2019, representing a decrease of 3% from RMB4,338.0 million in last year, primarily attributable to the decrease of PRC corporate income tax due to the increase of non-taxable income for the Year. The Group's effective income tax rate for 2019 was 33% (2018: 37%), which decreased from that of last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2019, profit for the Year of the Company amounted to RMB8,629.1 million, representing an increase of 17% compared with RMB7,376.7 million in last year, mainly due to the growth in profit from the city operations and property development segment in 2019. For the year ended 31 December 2019, profit attributable to owners of the parent amounted to RMB6,452.2 million, representing an increase of 24% compared with RMB5,210.9 million in last year. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to RMB6,114.8 million, representing an increase of 20% compared with RMB5,084.1 million in last year.

Basic earnings per share for the Year were RMB55.38 cents, representing an increase of 22% compared with RMB45.28 cents in last year. The increase in basic earnings per share was primarily attributable to the increase in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was RMB52.49 cents (2018: RMB44.17 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December		Year-on-year change
	2019 (RMB million)	2018 (RMB million)	**(%)**
Profit attributable to owners of the parent	**6,452.2**	5,210.9	24
Less: fair value gains on investment properties (net of deferred tax)	**(337.4)**	(126.8)	166
Profit attributable to owners of the parent excluding fair value gains on investment properties (net of deferred tax)	**6,114.8**	5,084.1	20
Basic earnings per share (RMB cents)	**55.38**	45.28	22
Basic earnings per share excluding fair value gains on investment properties (net of deferred tax) (RMB cents)	**52.49**	44.17	19

INVESTMENT PROPERTIES

As at 31 December 2019, investment properties of the Group mainly comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices and retail operations of Jin Mao Tower (for lease), office portion of Sinochem Tower, office portions 6# and 16# of Shanghai International Shipping Service Center, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Place, Changsha Meixi Lake International R&D Centre, Lijiang J•Life, Qingdao Jinmao Harbour Shopping Mall and Changsha Jinmao Mall of Splendor. Investment properties increased from RMB29,205.9 million as at 31 December 2018 to RMB31,260.7 million as at 31 December 2019. The increase was mainly due to the addition of new investment properties and the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2019, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the Reporting Period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the Reporting Period.

Properties under development (current and non-current) increased from RMB98,599.1 million as at 31 December 2018 to RMB126,124.3 million as at 31 December 2019, mainly due to the costs newly incurred from the Qingdao Jimo International Smart New City Project, Land Parcel No. GS1201-04 Project of Yunhe New City Unit, Hangzhou, Land Parcel Project at the north of Chengbei Road, Financial Business District Phase II, Yiwu City, Jinhua and other projects under development during the Year, which were partially offset by the transfer as a result of the sale of units in projects including Beijing Yizhuang Jinmao Palace Project, Ningbo Jiangdong Jinmao Palace Project and Qingdao Smart New City Project upon completion of construction.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from RMB7,346.6 million as at 31 December 2018 to RMB11,511.4 million as at 31 December 2019, mainly attributable to the increase in investment in Nanjing Tangshan Spa & Wellness Town Project and Wuxi Taihu • Jinmao Noble Manor Project during 2019.

INVESTMENTS IN ASSOCIATES

The investments in associates increased from RMB6,698.7 million as at 31 December 2018 to RMB7,597.7 million as at 31 December 2019, mainly due to the increase in investment in Shaoxing Jinghu Jinmao Noble Manor Project and Central Park Project, Liangjiang New District, Chongqing during the Period under Review.

PROPERTIES HELD FOR SALE

The properties held for sale increased from RMB8,991.1 million as at 31 December 2018 to RMB11,783.6 million as at 31 December 2019, mainly due to some buildings of Beijing Fengtai Jinmao Plaza Project, Hangzhou Binjiang Jinmao Palace Project and Suzhou Science and Technology City • Jinmao Palace Project that were completed but yet to be delivered in 2019, which were partially offset by the transfer as a result of the delivery of Changsha Meixi Lake Jinmao Residence Project, Beijing Yizhuang Jinmao Residence Project and Ningbo Haishu Jinmao Residence Project upon completion of construction.

LAND UNDER DEVELOPMENT

The land under development (current and non-current) amounted to RMB12,695.8 million as at 31 December 2019, which remained substantially the same as compared with RMB12,671.2 million as at 31 December 2018. Land under development mainly included the land costs incurred by Changsha Meixi Lake International New City Project (including Changsha Meixi Lake Primary Development Project Phase I and Phase II as well as Changsha Meixi Lake Land Block A Primary Development Project) and Nanjing Qinglong Mountain International Ecological New City Project.

TRADE RECEIVABLES

As at 31 December 2019, trade receivables amounted to RMB1,445.9 million, representing an increase of 83% compared with RMB789.6 million as at 31 December 2018, which was primarily attributable to the increase of receivables from sales of Nanjing Qinglong Mountain International Ecological New City Project.

TRADE AND BILLS PAYABLES

As at 31 December 2019, trade and bills payables were RMB18,995.5 million, representing an increase of 62% compared with RMB11,692.8 million as at 31 December 2018, which was mainly due to the construction costs payable for the new projects of the Group during the Year.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2019, interest-bearing bank and other borrowings (current and non-current) were RMB96,036.1 million, representing an increase of 9% compared with RMB87,972.7 million as at 31 December 2018. The increase in interest-bearing bank and other borrowings was due to the increase in external loans used for new project development and issue of domestic medium-term notes and offshore senior notes.

GEARING RATIO

The Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2019 and 31 December 2018 were as follows:

	As at 31 December	
	2019 (RMB million)	2018 (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	**96,036.1**	87,972.7
Less: cash and cash equivalents, restricted bank balances and certain financial assets	**(24,682.4)**	(26,784.0)
Net debt	**71,353.7**	61,188.7
Total equity	**85,858.2**	78,265.3
Add: the Company's amounts due to the immediate holding company	**10,065.1**	7,859.5
Adjusted capital	**95,923.3**	86,124.8
Net debt-to-adjusted capital ratio	**74%**	71%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of senior notes and medium-term notes, issue of perpetual capital securities, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2019, the Group had cash and cash equivalents of RMB17,194.7 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2018: RMB21,324.2 million).

As at 31 December 2019, the Group had total interest-bearing bank and other borrowings of RMB96,036.1 million (as at 31 December 2018: RMB87,972.7 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
By term:		
Within one year	**26,662.9**	21,976.2
In the second year	**19,970.6**	21,116.1
In the third to fifth years, inclusive	**34,909.3**	39,607.8
Beyond five years	**14,493.3**	5,272.6
Total	**96,036.1**	87,972.7

Interest-bearing bank and other borrowings of approximately RMB26,662.9 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar, US dollars and JPY. As at 31 December 2019, save as interest-bearing bank and other borrowings of approximately RMB51,252.7 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2019, the Group had banking facilities of RMB157,136.0 million denominated in RMB, HK dollar, US dollars and JPY. The amount of banking facilities utilised was RMB69,754.6 million.

The Group's net cash outflow of RMB4,136.5 million up to 31 December 2019 consisted of:

A net cash inflow of RMB20,099.2 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc. by the Group, and was partially offset by the payment of land and construction costs, selling and marketing expenses, administrative expenses and tax expenses etc.

A net cash outflow of RMB19,645.1 million used in investing activities, which was mainly attributable to the investment expenditure, investments and increase in advances of loans to joint ventures and associates, increase in provision of entrustment loans to substantial shareholders, increase in long-term time deposits, increase in restricted bank deposits and expenditure on construction of property, plant and equipment.

A net cash outflow of RMB4,590.6 million from financing activities, which was mainly attributable to the repayments of bank and other borrowings by the Company, payment of interests, payment of 2018 final dividends and 2019 interim dividends, repayment of loans to non-controlling shareholders, acquisition of non-controlling interests, payment of perpetual securities' distribution, redemption of perpetual securities and payment of dividend to non-controlling shareholders, and was partially offset by issue of perpetual securities, issue of new shares, loans from non-controlling shareholders, contribution from non-controlling shareholders, new bank loans and other borrowings, advance of investment from a third party.

PLEDGE OF ASSETS

As at 31 December 2019, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of RMB297.4 million, properties under development of RMB50,243.2 million, properties held for sale of RMB132.5 million, right-of-use assets of RMB142.9 million, investments in joint ventures of RMB551.7 million, investment properties of RMB12,902.6 million and trade receivables of RMB25.5 million.

CONTINGENT LIABILITIES

As at 31 December 2019 the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB22,867.7 million (2018: RMB23,836.9 million).

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. Starting from December 2018, the Group has engaged in hedging to manage its interest rate risk, which is expected to eliminate some of the impacts arising from interest rate fluctuations on the Group.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. Since 2016, the Group has changed to report its financial results in RMB. As the Group still has borrowings denominated in US dollars and HK dollars, the Group is exposed to the risk of fluctuations in foreign exchange rates. Starting from March 2017, the Group has engaged in hedging to manage its currency risk, which is expected to eliminate some of the impacts arising from exchange rate fluctuations on the Group. Taking into account the transaction amount under hedging activities and the unpredictability of market exchange rate fluctuations, the Group cannot assure that these hedging activities will protect the Group from fluctuations in exchange rates in the future.

NETWORK RISKS AND SECURITY

As computer system and the Internet play a key rote in our operations, the Group has designated professionals to monitor and assess the potential network risks. Hardwares and software are subject to tracking according to appropriate policies of the Company. Potential network risks and network security are major issues that draw the management's attention. Accordingly, the Group has put in place policies and procedures to regulate the use of the Internet, physical maintenance of system power supply. and regular update of the Internet security system and firewall, in order to isolate the Company's intranet from outside networks. Designated professionals are responsible for daily monitoring of any unusual network activities.

DATA FRAUD AND THEFT RISKS

The Group continues to review and update the internal control system on data and information access. The Group has adopted appropriate policies to protect its data. Only authorised persons are allowed to login. The management considers that the existing policies and procedures are effectively implemented to avoid data fraud and theft risks.

ENVIRONMENTAL AND SOCIAL RISKS

Due to the nature of business, in the event of serious and permanent climate change in China, the Company will face moderate environmental risks. The risks may have adverse effects on property construction and operations and affect the Company's market operations and the turnover of property sales.

Investor Relations

INVESTOR RELATIONS ACTIVITIES FOR 2019

January

Participated in the investor meeting held by Changjiang Securities in Shanghai

Participated in the investor meeting held by Everbright Securities in Shanghai

Participated in the investor meeting held by BNP Paribas in Hong Kong

Participated in the investor meeting held by Essence Securities in Shenzhen

February

Participated in the investor meeting held by Haitong Securities in Shanghai

Participated in the investor meeting held by Guotai Junan Securities in Beijing

March

Announced the annual results for 2018

– Held press conference

– Held analyst meeting

Carried out non-deal related roadshow in Hong Kong

Carried out non-deal related roadshow in Singapore

April

Participated in the investor meeting held by Industrial Securities in Shenzhen

May

Participated in the investor meeting held by JP Morgan in Beijing

Participated in the investor meeting held by Everbright Securities in Shanghai

Participated in the investor meeting held by CLSA in Qingdao

Participated in the investor meeting held by HSBC in Shenzhen

Participated in the investor meeting held by DBS in Singapore

Participated in the investor meeting held by UBS in Hong Kong

Participated in the investor meeting held by Morgan Stanley in Beijing

June

Participated in the investor meeting held by Everbright Securities in Shenzhen

Participated in the investor meeting held by Soochow Securities in Shanghai

Participated in the investor meeting held by Credit Suisse in Hong Kong

Participated in the investor meeting held by Yihan Consulting (億翰諮詢) in Beijing

Participated in the investor meeting held by Citibank in Hong Kong

July

Participated in the investor meeting held by Haitong Securities in Shanghai

August

Announced the interim results for 2019

– Held press conference

– Held analyst meeting

Carried out non-deal related roadshow in Hong Kong

September

Participated in the investor meeting held by Nomura Securities in Shanghai

Participated in the investor meeting held by CLSA in Hong Kong

October

Participated in the investor meeting held by Haitong Securities in Shanghai

November

Participated in the investor meeting held by Goldman Sachs in Shenzhen

Participated in the investor meeting held by Merrill Lynch in Beijing

Participated in the investor meeting held by Citibank in Macau

Participated in the investor meeting held by Huachuang Securities in Shenzhen

Participated in the investor meeting held by Industrial Securities in Shanghai
Participated in the investor meeting held by Morgan Stanley in Singapore

December

Participated in the investor meeting held by Everbright Securities in Shanghai
Participated in the investor meeting held by Guotai Junan Securities in Shenzhen
Participated in the investor meeting held by CITIC Securities in Beijing

COMMUNICATION WITH SHAREHOLDERS

The Company considers that high-efficiency communication is a key factor for establishing sound interaction with its shareholders successfully. The Company has been committed to providing its existing and potential investors with accurate and timely information, and maintaining its communication with investors by various means, thereby enhancing the transparency of its information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operation of projects and its development strategies.

The Company has constantly maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors, as well as analysts who are interested in the Company's performance pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules");
- Annual general meeting – the directors and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;
- The Company's interim and annual results announcement conferences – the Company announces its interim and annual results and responds to the inquiries from investors and the media;
- Voluntary disclosure of the Company's information – the Company, through different means, including investor meetings, telephone interviews, press releases and media interviews etc., announces major issues of the Company to the market in a timely and compliant manner pursuant the Listing Rules and the relevant requirement of the "Guidelines on Disclosure of Inside Information", and responds to the inquiries from investors and analysts in a timely manner;
- Periodic meetings with institutional investors and securities analysts on a voluntary basis – the Company provides information on its latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to its corporate development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;
- Organising site visits – based on the development progress of its projects, the Company organises on-site visits for investors and analysts to directly visit various projects of the Company as and when necessary, and enables them to communicate with the management, so as to enhance investors' understanding of the Company's development.

In 2019, the Company's management participated in various investor meetings held across the world and global non-deal related roadshows (including those in Hong Kong, Singapore and Mainland China), to broaden its communication with international, Hong Kong and Mainland China investors. The Company also organised reverse roadshows in Wuxi, Suzhou and Nanjing to build investors' confidence in the product quality and brand premium of the Company as well as to increase their understanding of the Company's position as a city operator. During the Year, the Company received over 100 investors and arranged over 100 investors to visit its projects in different places.

FEEDBACK FROM INVESTORS

The Company considers investors' feedback highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

MARKET RECOGNITION AND HONOURS

China Jinmao's 2018 annual report won its first grand award of "BEST OF HONG KONG" at the 32nd International ARC Awards held in 2019. The Company gained the utmost number of awards over the past years, among those 18 awards received 8 were gold prizes, in recognition of efforts made by the Company in investor relations and its information disclosure are widely recognised within the industry.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to ensuring the full compliance with the disclosure obligations under the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver to the investors all over the world the Company's latest information and enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

Corporate Social Responsibilities

Adhering to Sinochem Group's core value principle of "In Science We Trust" and the mission of "Unleashing Future Vitality of the City", the Company has been investing more efforts on city operation featured with green health through exploring application of smart technology to maximise the integrated value for the economy, society and environment, explore sustainable development for the city and satisfy people's desire for a good living in a better manner. In 2019, the Company was rated with the title of the "Leading City Operator in China".

CREATING EXCELLENT VALUE FOR SHAREHOLDERS

The Company takes trust and support of our shareholders as the cornerstone, upholding its road map for innovation development to maximise our shareholders' return through continuing growth of operating performance. Constant improvement of the protection mechanism for shareholders' interests, adhering to business ethics, operation by laws and regulations and strengthening of risk prevention and control measures, all together contributed to the increasing growth of the Company's performance. In 2019, China Jinmao was honoured with the titles of "2019 China Top 100 Real Estate Developers by Profitability Top 10", "2019 China Top 100 Real Estate Developers by Financing Capabilities Top 10" and "2019 China Top 100 Real Estate Developers by Growth Top 10".

Strengthening investor communication. We have established a sound investor communication mechanism for strengthening communication and exchanges with investors and other stakeholders and disclosure of updates on investment and operating condition to domestic and foreign investors as requested by the laws, to ensure information disclosure in a complete, accurate and compliant manner.

Enhancing investment and financing capabilities. Through tapping the value of data while building a city mapping system, we manage to improve the capabilities of quantitative analysis and investment management at the stage of investment research according to the direction of industry policy and market needs. We achieve diversified low-cost financing by continuously exploring the opportunity for financial innovation and constantly expanding financing channels. In 2019, the financing interest rates adopted by the Company are much lower than the industry average, which allowed it to maintain its financing costs at a low level in the industry.

Comprehensive risk management. We have been upholding the principles of sound risk management, improving the risk management system, and carrying out risk management assessment and internal audit to strengthen the implementation and execution of risk management, as well as to facilitate the sustainable and healthy development of the Company. In 2019, 100% of the contracts were reviewed by legal specialists and no material risk event was identified.

Promoting anti-corruption and advocating integrity. We have been resolutely implemented the requirements of governing the party in a comprehensive and stringent manner to intensify the establishment of a clean culture for the party, reinforce the undertaking of responsibilities and continue to improve the construction of an anti-corruption mechanism. We have in placed sound preventive measures and reporting channels, organised educational training on anti-corruption on a regular basis and adopted a zero-tolerance policy on bribery and corruption of any forms to create a good culture of integrity. In 2019, no event of bribery nor corruption was identified.

BUILDING THE GOLD QUALITY FOR OUR CUSTOMERS

Taking "build quality for better life" as its mission and adhering to the philosophy that "customer's demand is our pursuit", the Company has always prioritized quality of building and living experience to keep enhancing the satisfaction of our customers and realising dreams of future living and city operation.

Guaranteeing product quality. Relying on the three-level project quality control model of headquarters-area-project, we continue to consolidate the engineering capabilities, pay close attention to the investigation and management of risks, and constantly improve the quality control system. Leveraging on thorough implementation of the "rock campaign 2.0", the commencement of activities including the "actual measurement", the "hammer campaign" and "construction site open day", and increasing control over all aspects of project quality control, we manage to improve the standard of project quality control. We have launched the "projects collaboration platform 2.0" to integrate 10 inspection scenarios of quality and safety management comprehensively and have promoted it to 185 land parcels, which allows effective prevention of project risks. In 2019, we carried out 101 process inspections and the score for actual measurement of projects was over 95, reaching the industry benchmark level.

Innovating quality service. We offer customised services tailored to individual requirements to satisfy the needs of consumers for safety, comfort, health and quality of life through resource integration and integrated development. By investing more efforts into scientific research while centring on customer frequent needs, we are able to promote our product competitive edges and enhance customer satisfaction through project researches. Through upgrading to "Jinmao Luxuriance 2.0", adding convenient functions such as ownership certificate processing, electronic receipts and house viewing services, we have attained the integration and innovation of customer service and the Internet. Moreover, by adding an online item of "Luxuriance Products" to support cross-city joint operations, as well as attempting to establish a brand new cross-channel and whole process experience to our customers, we are able to provide them with our utmost care and protection. Throughout the Year, the service scope of "Luxuriance Product" had expanded to 34 cities, and over 280 online campaigns had been carried out. In 2019, residential customers' satisfaction reached a high level in the industry; office service has continued to maintain an excellent level, and both commercial project tenants and customer satisfaction scored over 90.

Strengthening communication with customers. We have established a call centre system scattered across the PRC to form a feedback path with unified management and smooth information exchange, thus boosting the efficiency of customer feedback. The pioneering middle platform model of customer information in the real estate industry assists in constructing a closed-loop mechanism for customers' requirements collection, and by means of resolving by classification and receiving orders by a show of hand, feedback to and implementation of customers' demands are facilitated. We continue to optimise our characterized 4+1 main theme platforms, namely "Jia Xing Ye Mao" (家興業茂), "Mu Ru Qing Feng" (穆如清風), "You Ju Programme" (優居計劃), "Jin Cai You Ni" (金彩有你) and "Ji Chuang Yi (極創翼)", to meet the multi-dimensional demands of Jinmao's landlords on timely basis and perform effective and efficient communication through multi-channels.

CONTRIBUTING A CULTURE OF GREEN FOR OUR ENVIRONMENT

Adhering to the principle of "In Science We Trust" and the "utmost green quality" strategy, the Company builds eco-city and living building by applying intelligent technology, it also promotes innovation and endeavours to zero-carbon emission operations. We position ourselves as the green city operators while exploring the harmonious and coexistence model of human, nature and city, performing the role of green building practitioners, creating an environmental friendly, energy-saving and healthy model for technological living, and promoting green power through organising environmental welfare events to take lead to ride on the new trend of low-carbon living. In 2019, the Company was ranked the first in the "Top 30 Chinese Green Property Developers for 2019 (《2019中國綠色地產指數TOP30》)" by *Globe Magazine* (《環球》) of Xinhua News Agency and was awarded the "2019 Chinese Property Green Procurer – Gold Partners (《2019年度中國房地產綠色採購「金夥伴」獎》)" at the 21st CIHAF in 2019. The Company were also ranked first among the "Top 10 Green Development Competitiveness Enterprises" for two consecutive years.

Improving green management. In strict compliance with the Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China and relevant environmental protection laws and regulations, we have promulgated China Jinmao's Administrative Guidelines on Environmental Protection and strictly implemented the Guidelines on Dust Control at Construction Sites of Development Projects of China Jinmao and the Administrative Guidelines on Environmental Protection at Construction Sites of Development Projects of China Jinmao. We also carry out environmental impact assessment, take management measures to tackle dust pollution, noise pollution and solid waste pollution that may arise in the course of construction and operations, and reduce the discharge or emission of general solid wastes including sewage, waste gases and construction wastes so as to reduce the impacts of construction and operations on the environment with a view to minimising environmental pollution.

Operating a green city. We develop clean energy according to local circumstances and innovate renewable energy supply to drive sustainable development of cities persistently. As of the end of 2019, 20 city operation projects have been implemented in 6 major cities across the PRC; 46 energy stations at municipality, region and project level have been invested, constructed and operated, with a total energy supply area of approximately 28 million sq.m., expecting to reduce carbon dioxide emissions of over 270,000 tonnes per annum.

Developing green buildings. We advocate green designs, push ahead green construction and carry out green operations. We voluntarily implement green and environmental requirements in each stage of the whole-life cycle of buildings to enhance the energy efficiency level of buildings. We focus on areas such as smart energy and real estate technology to build a smart technology industry chain and develop quality habitat in terms of smart technology and green health. Leveraging on the utilization of renewable energy technology to optimise energy supply, and promotion of photovoltaic-thermal building integration to reduce overall residential energy consumption, we take lead to a low-carbon and environmentally friendly lifestyle. Besides advocating on the green building concept, we share our practical experience in areas of green designs and energy-saving of buildings through technical exchange forums such as Chinese Green Building Industry Chain Summit (中國綠色建築產業鏈峰會), International Conference on Green and Energy-Efficient Building (國際綠色建築與建築節能大會) and Chinese Green and Healthy Building Research Series Salon (中國綠色健康建築調研系列沙龍), to drive the development of green buildings. As at the end of 2019, we cumulatively obtained 170 green building certifications, accounting for over 90% of the total number of development projects.

Carrying out green activities. We actively respond to the national call for low-carbon emission and environmental protection and organise large-scale green welfare campaigns regularly, to promote green and healthy living concepts and lifestyle, and push ahead of the formation of a broad social consensus. The public welfare campaign, namely "Run Green China Challenge Q6 (綠跑中國)", was held in 40 cities across six major regions nationwide, accumulating over 66 million steps and promoting the values of "an upbeat city featuring good health, vitality and green development".

FACILITATING A WIN-WIN PATH FOR OUR PARTNERS

Upholding the principle of "co-creating our value with our partners in pursuit of win-win results", we optimise the "linkage" resources expansion mechanism to maintain an open level-playing field while integrating abundant industrial resources in an effort to build a win-win chain together for the sustainable development of the industry.

Facilitating responsible procurement. Leveraging on the construction of an online platform for tendering and procurement, the efficiency of supply chain collaboration is enhanced and the standardisation, compliance, interaction, visualisation, intelligence and data sharing of the whole process of tendering is achieved, thereby improving the procurement efficiency and ensuring the transparent and efficient tendering and procurement process. We endeavour to optimise the green supply chain database and green procurement management system and integrate factors such as environmental protection, energy-saving, health and safety as well as low-carbon emission into the procurement process. All suppliers are regularly evaluated for their performance of duties in a bid to enhance their awareness on and capability of sustainable development. We intend to grow and develop together with our suppliers to uplift the competitiveness of the supply chain.

Innovative cooperation model. The establishment of an open and innovative platform for digital city operations facilitates the Company to exchange and cooperate with excellent external teams, technology companies, college scientific research institutions, etc., and create an innovation ecosystem. We integrate innovation and supporting resources such as application scenarios, technology platforms, customer information, industry experience and study cases and actively promote the coordination, roadshow and implementation of innovative projects, which assist the Company to develop the high-throughput innovative business and achieve mutually beneficial and win-win business value.

Facilitating cross-industry cooperation. The Company deeply integrate its advantageous resources and constantly deepen its cooperation with relevant parties such as the government, scientific research institutions, financial institutions and enterprises to create a good business environment. It was the first time for China Jinmao to hold the 2019 Government Enterprise Cooperation and Exchange Conference and the City Operation Project Lighting Ceremony. We believe that we could respond to the demands for construction and development of cities in correspondence to the operational capabilities and industrial upgrading capabilities of each city, and construct a win-win situation for the government, city operators, and industrial resource partners.

BUILDING A HAPPY HOME FOR EMPLOYEES

Since the Company adheres to the philosophy of people-oriented; it therefore values and protects the basic rights of each employee. Through improving the employee management system, we manage to facilitate the development and enrich the cultural life of our employees, thereby creating a harmonious and positive working environment and motivating sustainable growth of our employees and the Company. As at the end of 2019, the Company had 11,370 employees.

Safeguarding employees' interests. Strictly abiding by the relevant laws and regulations in the places where we operate as well as the relevant international covenants, we eliminate discrimination and prohibit child labour and other forced and compulsory labour. We improve our employee democratic management system by hearing to the voice of our staff through various channels including corporate affairs column, democratic opinion box and staff forums. Through providing legal assistance, living subsidies, the labour union functionally safeguards the legitimate rights of employees and helps them resolve difficulties. In 2019, the union establishment rate at the Company's headquarters and its subsidiaries is 100% and the membership rate is 100%.

Optimizing the remuneration package. While optimizing a remuneration system that highlights position value, work performance and aligns with the strengths of various employees, we ensure that employees' income grows in line with corporate development and employee performance. To improve the benefits package, we provide long service subsidies, special holidays, staff canteen on top of the basic social benefits protection to raise the sense of belonging of employees.

Caring for employees' health and safety. We persist in strengthening the HSE organizational system and optimizing the health and safety rules and regulations to be a responsible leader. Dual responsibilities are set for one position to strengthen risk management and safe production. We also pay close attention to the standardised management for our frontline employees, establish an engineering HSE management centre as well as improve and examine the assessment mechanism to stringently control risks in relation to quality and safety. Through a series of activities such as "HSE by teams (HSE進班組)", "speech contest on safety (安全主題演講比賽)", "safety production month (安全生產月)", "fire safety month (消防安全月)", "HSE mini-video contest (HSE微視頻比賽)" and "rock campaign (磐石行動)", we consolidate the building of a health and safety culture for the Company and enhance employees' knowledge on safety technology as well as their operational skills. In 2019, the Company's headquarters carried out 121 HSE inspections, organised 6,034 QHSE training sessions and 164,666 participants attended the training sessions cumulatively with training hours totalling 237,361 hours.

Helping employees grow. We optimise the management of training course system and intend to create a multi-level professional training course system specialised for nurturing of a multi-layered talent team of "ark students+ young talents + professionals + Jin Cai students (金彩生) + leaders". We also formulate individualised training programs customised for different positions and professionals to help the Company implement its development strategy. In 2019, 7,379 employees completed the "2212" strategic training organised by the Company with the number of training hours taken totalling to 22,554 hours; and 2,195 employees completed the innovation training of the Company with the number of training hours taken totalling 47,867 hours.

Enriching employee activities. We have set up different interest groups and organised leisure activities for team-building and personal development to enrich our employees' cultural life while raising the centripetal force of employees. We carry out writing and speech contests of patriotic topics as well as literary and art performances to demonstrate the healthy spirit of Jinmao's personnel. We also organise activities of various themes such as flower arranging event at Goddess festival (女神節), Mid-autumn festival carnival, group birthday party to deliver our care to the employees.

DELIVERING BOUNDLESS LOVE FOR OUR COMMUNITY

Adhering to the mission of "alleviating poverty, actively participating in charity and building a harmonious community" and centring on requirements of "targeted poverty alleviation" and "poverty alleviation through education", the Company engages in various social welfare service to support education, targeted poverty alleviation and charitable donation to facilitate the development of a harmonious society.

Pushing ahead public welfare management. We endeavour to explore a working model combining party-building with public welfare to lead the public welfare activities by party-building and enrich the culture of party-building through public welfare activities. With the platforms such as the China Jinmao Charity Foundation and the Changsha Jinmao Welfare and Education Foundation, we manage to optimise the mechanism of "led by the Company and organised by various regions with synergies from partners and participation of all employees", and encourage our stakeholders to participate in public welfare by gradually setting up organisation for voluntary service as well as collaborating with domestic and overseas leading enterprises of different industries, so as to safeguard sound and effective progress and implementation of public welfare and thereby expanding the influence of the Company's public welfare brand.

Facilitating targeted poverty alleviation. We have been assisting the PRC on the strategy of "targeted poverty alleviation" and actively participating in the poverty alleviation assistance work that matches those of Sinochem Group centring on poverty alleviation through both education and industry to facilitate the development of economy and society of the poverty areas by joining hands with numbers of charitable bodies. In 2019, we launched a series of assistance activities focusing on intelligent poverty alleviation by constructing 3 "new mobile training stations for new farmers and herdsmen" to improve the professional skills of them; establishing 4 "mobile libraries" to provide assistance to education in poverty areas and facilitate youth development; and initiating the "dream fulfilment campaign (圓夢行動)" within the Company to advocate our employees on the establishment of one-on-one assistance relationships with impoverished students and the number of employees participated in the campaign reached 327 in 2019. Leveraging on vigorous poverty alleviation through party-building, the signing of pairing co-construction agreement with the local branch of the party who coordinate with us to provide assistance to the poverty, we gradually improve and enhance the standards of local party-building to better help local impoverished people to get rid of poverty. Diversified sales channels for poverty alleviation products are in place, thus we could vigorously help poverty through consumption via online and offline platforms such as Jinmao Commercial Public Welfare Month (金茂商業公益月), Jinmao U+ (金茂U+), and "Good Neighbour Mall (悦鄰商城)" under Jinmao Property.

Expanding public welfare projects. Sticking to the rationale of "fostering customer services, brand promotion, access to resources and culture-building", we actively carry out public welfare and charity activities. We cultivate our young employees to have awareness of social responsibility while establishing a charity group for "Jinmao Charity Walk (金•善行)" to build up a service team of young volunteers carrying Jinmao's characteristics, thereby conducting community charitable activities to delivery love and care and contribute to the community. We also help with affairs in relation to children's welfare by organising events such as "Green Gold Charity Walk (綠金愛心行)", setting up "Love Market (愛心集市)" and "Shenshan Market (深山集市)" with Sinochem Group, arranging Jinmao Luxuriance art exhibition featured with the theme of "fulfilling dream of art with charity fund from painting donation (益元捐畫藝術圓夢)" with children suffered from autism to raise funds for children in remote areas and with special needs. We pay great attention to those impoverished students at high schools, thus we carry out the student aid campaign of "China Jinmao – Get United by Spirit of Red Boat (中國金茂—紅船凝心)" and help rejuvenate our country through education and collaboration among academic institutions and enterprises.

Profile of Directors and Senior Management

Mr. NING, who was born in November 1958, joined the Company in May 2016 as Chairman and Non-executive Director. Mr. Ning is currently a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference. Mr. NING joined Sinochem Group Co., Ltd. in January 2016, and currently serves as the chairman of the board of directors of Sinochem Group Co., Ltd., Sinochem Corporation and Sinochem Hong Kong (Group) Co., Ltd. He also serves as the chairman of the board of directors of Far East Horizon Limited (stock code: 03360). Mr. NING served as the chairman of the board of directors of Sinofert Holdings Limited (stock code: 00297) from March 2016 to December 2016. From October 1986 to December 2004, Mr. NING held various senior positions in China Resources (Holdings) Co., Ltd., including business manager and deputy general manager of enterprise development department, director and deputy general manager and vice chairman and general manager. Mr. NING served as the chairman of the board of directors of COFCO Corporation and director of its certain subsidiaries from December 2004 to January 2016. Mr. NING held various positions such as chairman of the board of directors of China Mengniu Dairy Company Limited (stock code: 02319) and non-executive director of China Foods Limited (stock code: 00506), China Agri-Industries Holdings Limited (stock code: 00606) and CPMC Holdings Limited (stock code: 00906) until February 2016. In addition, Mr. NING also served as an executive director of China Foods Limited until November 2013. Mr. NING was also an independent director of Huayuan Property Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600743) until November 2014 and an independent non-executive director of BOC Hong Kong (Holdings) Limited (stock code: 02388) until October 2014. Mr. NING has over 30 years of experience in real estate development and investment, business management, capital market and discipline inspection and internal control. Mr. NING graduated from Shandong University in China with a bachelor's degree in Politics and Economics in 1983 and graduated from University of Pittsburgh in the United States with a master's degree in Business Administration in 1986. He was awarded the title of economist and senior international business engineer in 1987 and 2007, respectively. Mr. NING was a member of the 18th Central Commission for Discipline Inspection of the Communist Party of China (CPC) and a member of the "13th Five-Year Plan" National Development Planning Expert Panel. Currently, Mr. NING is a co-chairman of APEC Business Advisory Council (ABAC), chairman of APEC China Business Council, and an executive director of the International Chamber of Commerce (ICC). Mr. NING was awarded "CCTV China Economic Person of the Year" for three times, China's "Annual Top 25 Most Influential Business Leader Awards" by China Entrepreneur for 10 consecutive years, "China's Most Influential Business Leaders" by Fortune, "Asia Business Leader Awards" by CNBC, and "Asian Corporate Director" by Corporate Governance Asia. From 2007 to the present, Mr. NING has been a delegate of the 17th, 18th and 19th National Congress of the CPC respectively.

Mr. LI, who was born in March 1971, joined the Company in April 2009 as Vice President. Mr. LI has been serving as an executive Director of the Company since June 2011 and an executive Director and the Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company. He has been serving as a non-executive director of Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) and Jinmao (China) Investments Manager Limited since March 2014, and has been the chairman of the board of directors since April 2016. Mr. LI also has been serving as the chairman of the board of directors of Sinochem Franshion Properties (Beijing) Co., Ltd. and Jinmao Investment (Changsha) Co., Ltd., and an executive director of Shanghai Jinmao Investment Management Group Co., Ltd. Mr. LI joined Sinochem Group Co., Ltd. in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was a director and the general manager of Zhoushan State Oil Reserve Base Company Limited. Mr. LI has over 20 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an Executive Master of Business Administration degree from China Europe International Business School (CEIBS) in 2007.

Mr. YANG, who was born in January 1964, joined the Company in February 2014 as a non-executive Director. Mr. YANG joined Sinochem Group Co., Ltd. in 1994 and had held various positions, including deputy general manager of the finance and accounting departments, general manager of the finance department, deputy general manager of the investment and development departments, general manager of the fund management department, deputy chief accountant of Sinochem Group Co., Ltd., and deputy chief financial officer of Sinochem Corporation. Mr. YANG is currently the chief accountant of Sinochem Group Co., Ltd. and the chief financial officer of Sinochem Corporation. He also holds directorships and senior management positions in various subsidiaries and/or affiliates of Sinochem Group Co., Ltd. Mr. YANG was a supervisor of China State Construction Engineering Corporation Limited, (a company listed on the Shanghai Stock Exchange, Stock code: 601668) from 2007 to 2010. Since October 2009, Mr. YANG has been a non-executive director of Far East Horizon Limited (of which Sinochem Group Co., Ltd. is a substantial shareholder, stock code: 03360). Mr. YANG has been a director of Sinochem International Corporation, a subsidiary of Sinochem Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600500) since June 2010. Mr. YANG has been a non-executive director of Sinofert Holdings Limited (stock code: 00297), a subsidiary of Sinochem Group Co., Ltd. since August 2010. Mr. YANG has over 20 years of experience in fund management. Mr. YANG worked at Siemens AG and Wella AG from 1993 to 1994. Mr. YANG graduated from Tianjin University of Commerce with a bachelor's degree in Commercial Enterprise Management in 1985. He pursued a study of enterprise management courses in University of Stuttgart in Germany from 1990 to 1993.

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer of the Company and has been involved in the day-to-day management of the Company since then. Mr. JIANG served as an executive Director of the Company from 2007 to 2011, and has been redesignated as an executive Director of the Company since August 2015. Mr. JIANG also holds positions in a number of subsidiaries of the Company, including a director and the general manager of Jinmao Capital Holding Limited, and a non-executive director of Jinmao (China) Hotel Investments and Management Limited and Jinmao (China) Investments Manager Limited. He is in charge of the direction and management of the Company's accounting and finance, capital market, investor relations and budget assessment. He joined Sinochem Group Co., Ltd. in August 1995 and worked in the finance department of Sinochem Group Co., Ltd. from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong (Group) Company Limited from August 2002 to January 2006, responsible for handling the financial management and investment projects, and the operation of overseas funds of Sinochem Group Co., Ltd. Mr. JIANG has over 20 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now a member of the Association of International Accountants (AIA).

Mr. SONG, who was born in November 1975, joined the Company as the assistant to the president of the Company in May 2011 and became the vice president of the Company in January 2013. He has been serving as the senior vice president of the Company since March 2017, and has been an executive Director of the Company since August 2017. Mr. SONG also holds positions in a number of subsidiaries of the Company, including the director and the general manager of Sinochem Franshion Properties (Beijing) Co., Ltd., Beijing Franshion Yicheng Properties Company Limited and Beijing Franshion Tuoying Property Development Co., Ltd. Mr. SONG joined Sinochem Group Co., Ltd. in 2001 and worked at the investment business department of Sinochem International Corporation, the investment department and general office of Sinochem Group Co., Ltd. Mr. SONG has nearly 20 years of experience in project investment, real estate development and corporate management. Mr. SONG obtained a bachelor's degree in high polymer materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in materials from the Beijing Institute of Technology in 2001.

Mr. LAU, who was born in July 1947, has been an independent non-executive Director of the Company since March 2007. He is a senior partner of Messrs. Chu & Lau, Solicitors & Notaries. Mr. LAU was a standing committee member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference. He is also a Justice of the Peace. In 2001, Mr. LAU was awarded the "Gold Bauhinia Star" by the Hong Kong Government. Mr. LAU is currently an independent non-executive director of the following listed companies: Brightoil Petroleum (Holdings) Limited (stock code: 00933), Glorious Sun Enterprises Ltd. (stock code: 00393), Yuexiu Property Co., Ltd. (stock code: 00123), Yuexiu Transport Infrastructure Limited (stock code: 01052) and Joy City Property Limited (formerly known as The Hong Kong Parkview Group Ltd. (stock code: 00207). He is also a director of OCBC Wing Hang Bank Ltd., OCBC Wing Hang Bank (China) Limited, Bank of China Group Insurance Co., Ltd., BOC Group Life Assurance Co., Ltd., Nanyang Commercial Bank, Ltd., Cinda Financial Holdings Co., Limited, Sun Hon Investment & Finance Ltd., Wydoff Ltd., Wytex Ltd., Wyman Investments Limited, Trillions Profit Nominees & Secretarial Services Limited, Helicoin Limited and Polex Limited. Mr. LAU also served as the chairman of the Central and Western District Board between 1988 and 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). Mr. LAU obtained a Bachelor of Laws degree from the University of London in 1969. He is a solicitor of the High Court of Hong Kong, an attesting officer appointed by the Ministry of Justice, the PRC and a notary public.

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and subsequently an associate professor in the Department of Accountancy of City University of Hong Kong. He has joined China Europe International Business School (CEIBS) since July 2010 as a professor of accounting. His research focuses on corporate governance and auditing practices of PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of Shenzhen SEG Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000058) from 2002 to 2008 and an independent director of Shenzhen Topray Solar Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002218) from 2007 to 2010, respectively. He was an independent director of World Union Property Consultancy (China) Limited (a company listed on the Shenzhen Stock Exchange, stock code: 002285) from 2007 to 2013, and an independent director of Huazhong In-vehicle Holdings Company Limited (stock code: 06830) from 2011 to 2013. From 2010 to 2016, he served as an independent director of Sundy Land Investment Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600077). From 2011 to 2017, he served as an independent director of Shenzhen Ellassay Fashion Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603808), and from 2014 to 2017, he served as a non-executive director of Jiangsu Changbao Steel Tube Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002478). Mr. SU has been serving as an independent director of Industrial Bank Co., Ltd. since 2017, and he has been an independent director of Opple Lighting Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603515) and Fujian Sanmu Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000632) since June 2018. Mr. SU has over 20 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. Mr. GAO worked for Jones Lang LaSalle Beijing from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties and the general manager of its Beijing branch from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 20 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in Civil Engineering and a master's degree in Building Economics and Management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in Property Development and Management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of its membership qualification. Mr. GAO also served as a standing committee member of the Professional Committee of Urban-Rural Development (城鄉建設專業委員會) of Tsinghua University Alumni Association (清華大學校友總會).

Mr. AN, who was born in July 1975, has been a non-executive Director of the Company since November 2015. Mr. AN joined New China Asset Management Corporation Limited in May 2010 and served successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Mr. AN has served as a non-executive Director of Guotai Junan Securities Co., Ltd. (stock code: 2611; a company also listed on Shanghai Stock Exchange, stock code: 601211) since December 2019. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has over 15 years of practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomics, securities investment and real estate industries, and had in-depth research on corporate governance, development strategies, etc. Mr. AN obtained his bachelor's degree in Economics at Jilin University in 1998, and a master's degree in Economics at Jilin University in 2002, and then the doctor's degree in Economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Mr. ZHANG, who was born in October 1970, has been a vice president of the Company since January 2010. From March 2014 to October 2017, he was redesignated as the chief executive officer and executive director of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) and Jinmao (China) Investments Manager Limited, and he has been redesignated as a non-executive director of these companies since October 2017. Mr. ZHANG has served as the senior vice president of the Company since October 2017. Mr. ZHANG is currently an executive director of a number of subsidiaries of the Company including Jinmao Xinan Enterprise Management (Chongqing) Limited. Mr. ZHANG joined Sinochem Group in 2002 and held a number of senior positions including the general manager of Shanghai Orient Terminal Co., Ltd. Before joining Sinochem Group Co., Ltd., he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has approximately 20 years of experience in large-scale project development and management, project investment planning and corporate governance. Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a executive master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology and was awarded with the title of Senior Economist in December 2011. He was a delegate in the 14th Session of the Shanghai Municipal People's Congress.

Mr. TAO, who was born in October 1975, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining China Jin Mao (Group) Co., Ltd. in July 2000, Mr. TAO has served as the manager of planning management at the corporate planning department and the general manager of the strategic planning department. He successively served as the general manager of the strategic operations department, general manager of the cost contracting department and assistant to the president of the Company from October 2009. Mr. TAO currently serves as an executive director and chairman of a number of subsidiaries of the Company, including Jinmao (Shanghai) Real Estate Co., Ltd., Franshion Properties (Hangzhou) Co., Ltd., Franshion Properties (Ningbo) Co., Ltd. and Franshion Properties (Suzhou) Co., Ltd. Mr. TAO has more than 15 years of experience in hotel and real estate development and management, and accumulated extensive practical experience in areas of corporate management, strategic management, operations management, etc. Mr. TAO obtained a bachelor's degree in Information Management from Northeast Normal University in July 1997 and a master's degree in Economics from Fudan University in July 2000.

Mr. WEI, who was born in June 1970, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining the Company in October 2013, he served as an assistant to the president of the Company. He is currently the chairman, executive director and general manager of a number of subsidiaries of the Company, including Guangzhou Jinmao Properties Co., Ltd., Foshan Maoxing Property Development Co., Ltd. and Shenzhen Yuemao Properties Co., Ltd. Mr. WEI began his career in July 1991. He was the deputy secretary of the Youth League General Branch of the Design Review Office of Shaanxi Provincial Planning Commission from July 1991 to May 1995. He worked at China State Construction Engineering Corporation Limited from May 1995 to October 2013, during which he served as the architectural designer and the person-in-charge of project design of China Construction Northwest Design & Research Institute, senior architect of the planning and design centre of China Overseas Property Group Co., Ltd., director and deputy chief architect of China Overseas Property (Xi'an) Co., Ltd., deputy director of design of China Overseas Property Group Co., Ltd. (North China), and director and design director of China Overseas Property Chongqing Co., Ltd. He served as the general manager of China State Construction Land, Changsha Branch and general manager of Changsha CSC Investment Co., Ltd. from July 2011 to October 2013. Mr. WEI is a Grade-1 registered architect and has accumulated more than 20 years of extensive experience in design and real estate project development and management. Mr. WEI obtained a bachelor's degree in Architecture from North-western Institute of Architectural Engineering in July 1991.

Mr. LIAO, who was born in January 1968, has been the Chief Accountant, Qualified Accountant and Company Secretary of the Company since March 2007. Prior to joining the Company, he served as an accountant of SEA Holdings Limited between 1997 and 2006. He has over 20 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the HKICPA.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director shall be subject to re-election by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practice of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Director who fills a casual vacancy will not adversely affect the operation of the Company.

In 2019, the Company complied with all provisions of its own code on corporate governance, except for paragraph E.1.2 of the Corporate Governance Code. Pursuant to the requirements of paragraph E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. NING Gaoning, the Chairman of the Company, was unable to attend the 2018 annual general meeting of the Company due to other business commitments. Mr. LI Congrui, an executive Director and the Chief Executive Officer of the Company, chaired the meeting on his behalf.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management system. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operations of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and monitoring of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;
- strategic capital investments and new projects – through stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;
- financial and operational performance – through overall strategic planning as well as the implementation and maintenance of the operational monitoring system for financial and optimised performance management;
- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – continuous risk management through review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of the code of conduct for employees and Directors; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. During the Period under Review and as of the date of this report, the Board consisted of the following nine Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

NON-EXECUTIVE DIRECTORS

Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. AN Hongjun

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

During the Period under Review and as of the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. YANG Lin and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. SU Xijia and Mr. AN Hongjun

Strategy and Investment Committee: Mr. LI Congrui (Chairman), Mr. JIANG Nan, Mr. GAO Shibin and Mr. SONG Liuyi

Independent Board Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. SU Xijia and Mr. GAO Shibin

There were no changes of Directors of the Company during the Period under Review and up to the date of this report.

Biographical details of the Directors are set out from pages 104 to 110 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in the Board and the committee meetings brings independent judgment on issues relating to the Company's strategies, performance, conflicts of interest and management procedures, to ensure that adequate checks and balances are provided and the interest of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and appropriate to safeguard the interests of shareholders, other related parties and the Group.

The Company has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and further information when necessary. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Reporting Period, the Directors participated in trainings relating to the real estate industry and forums on the city, technology and economic development and their interrelations as well as other related topics, including accepting our invitation to the 15th International Conference on Green and Energy-Efficient Building, and organizing the "zero-carbon" city operations subforum by the Company. The Directors also participated in a number of external trainings and conferences, respectively. In particular, Mr. YANG Lin attended the "Trade Forum of Second China International Import Expo" and the "Seminar of Special Support Plan under the National Training Programme for Leaders in the Accounting Profession of the Ministry of Finance" (財政部全國會計領軍人才培養工程特殊支持計劃專題講座), and read books such as "Libra: A Kind of Experiment on Financial Innovation" (《Libra：一種金融創新實驗》), "Transforming NOKIA: The Power of Paranoid Optimism To Lead Through Clossal Change" (《偏執樂觀：諾基亞轉型的創業式領導力》) and "Global Inequality" (《全球不平等》); Mr. LI Congrui participated in the meetings, including the "Minsheng Bank Real Estate and Finance Cross-Sector Seminar 'Thinking and Sharing Exchange' 2019" and "GIC Insights 2019"; Mr. JIANG Nan participated in the meetings, including the "Training for Updating Engineering Quality of the Chief Accountant of Large- and Medium-sized Enterprises 2019" (2019年大中型企業事業單位總會計師素質提升工程培訓), "Minsheng Bank Real Estate and Finance Cross-Sector Seminar 'Thinking and Sharing Exchange' 2019", "Swiss Virtual Reality Learning Project of 'Smart Technology Innovation' of China Europe International Business School" (中歐國際工商學院「智慧科技創新」瑞士實鏡學習項目) and "2019 ULI China Mainland Annual Meeting"; Mr. SONG Liuyi attended the meetings such as "Swiss Virtual Reality Learning Project of 'Smart Technology Innovation' of China Europe International Business School" (中歐國際工商學院「智慧科技創新」瑞士實鏡學習項目); Mr. GAO Shibin participated in the seminars, conferences and online training courses organised by Tsinghua University, the Royal Institution of Chartered Surveyors and the International Facility Management Association on topics such as "PropTech", "financing channels of listed companies", "business ethics of professionals" and "management practices of buildings and facilities"; Mr. AN Hongjun participated in "CICC's Investor Forum" (中金投資者論壇) and "CCB International's Financial Forum", and attended more than 20 meetings where topics are related to outlook and prospect analysis of investments in China and Asia.

BOARD MEETINGS

The Board meets regularly and Board meetings are held at least four times a year to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given the meeting agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of eight written resolutions to all Board members, during the Period under Review, the Board held four meetings, during which the Directors considered and approved various matters, mainly including the 2018 annual report and the 2019 interim report of the Company, China Jinmao's 2018 Sustainable Development Report, annual mandate for the issuance of onshore and offshore notes, annual mandate for wealth management, the renewal of liability insurance for directors, supervisors and senior management for the year 2019-2020, participated in the establishment of the agricultural innovative fund of Sinochem Guangdong (中化廣東), placing of the shares of the Company, acquisition of 50% equity interests of Jinmao Hangzhou; and debriefed featured reporting regarding the work of customer relationship management, internal and external conditions of the real estate industry and the future development strategies of the Company. In addition, the Directors regularly review the relevant matters of corporate governance, including interpellating on the work reports and business plans of all departments of the Company's headquarters and member companies, review of the Company's compliance with the policies and practices on laws and regulations, training and continuing professional development of Directors and senior management, code of conduct for employees and Directors and the Company's compliance with the corporate governance code. Meeting and resolution participation of each Director during 2019 is set out below:

Position	Name	Meeting attended in person	Meeting attendance rate	Total number of resolutions	Resolution participation rate
Non-executive Director	Mr. NING Gaoning	4/4	100%	12/12	100%
Non-executive Director	Mr. YANG Lin	4/4	100%	12/12	100%
Non-executive Director	Mr. AN Hongjun	4/4	100%	12/12	100%
Executive Director	Mr. LI Congrui	4/4	100%	12/12	100%
Executive Director	Mr. JIANG Nan	4/4	100%	12/12	100%
Executive Director	Mr. SONG Liuyi	4/4	100%	12/12	100%
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	4/4	100%	12/12	100%
Independent non-executive Director	Mr. SU Xijia	3/4	75%	11/12	92%
Independent non-executive Director	Mr. GAO Shibin	4/4	100%	12/12	100%

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review at any time.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer of the Company are held by different persons.

Mr. NING Gaoning has been serving as a non-executive Director and the Chairman of the Company since 12 May 2016. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and has been serving as an executive Director of the Company since 17 June 2011. He resigned as the Vice President of the Company and was redesignated as an executive Director and the Chief Executive Officer with effect from 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is directly responsible for the management of daily operation of the Company, formulation and execution of policies of the Company, and is accountable to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of his/her term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date on which such general meeting is duly convened. The Remuneration and Nomination Committee of the Company will also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfilling its strategic objectives and achieving sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the re-election of Directors having due regard for the above diversity requirements. The Board reviewed the current composition of Board diversity and confirmed that the members of the Board of the Company have diversified backgrounds, professional expertise and skills, including property development and investment, corporate management, capital market, law, financial accounting and financial investment. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity on an ongoing basis.

The diversity of the Board is set out below:

Age	
40 – 49	4 persons
50 – 59	2 persons
60 or above	3 persons

Term of directorship	
5 years or less	3 persons
6 – 10 years	4 persons
more than 10 years	2 persons

Roles	
Executive Director	3 persons
Non-executive Director	3 persons
Independent non-executive Director	3 persons

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company from time to time. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions A.6.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 157.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established four special committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

During the Period under Review and up to the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. LAU Hon Chuen, Ambrose (independent non-executive Director), Mr. SU Xijia (independent non-executive Director) and Mr. An Hongjun (non-executive Director). The chairman of the Remuneration and Nomination Committee is Mr. LAU Hon Chuen, Ambrose.

The functions of the Remuneration and Nomination Committee include:

— to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

— to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

— to assess the independence of independent non-executive Directors;

— to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

— to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2019, the Remuneration and Nomination Committee's determination of remuneration packages and approval of incentive proposals included the following:

— assessed the performance of executive Directors;

— determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates;

— approved the relevant matters in relation to the initial grant under the new shares options scheme; and

— made recommendations to the Board with respect to the re-election of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee entered into 3 written resolutions in respect of the above matters in 2019. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	3/3	100%
Independent non-executive Director	Mr. SU Xijia	3/3	100%
Non-executive Director	Mr. AN Hongjun	3/3	100%

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with the management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. During the Period under Review and up to the date of this report, the members of the Audit Committee are Mr. SU Xijia (independent non-executive Director), Mr. YANG Lin (non-executive Director) and Mr. GAO Shibin (independent non-executive Director). The chairman of the Audit Committee is Mr. SU Xijia. All members of the Audit Committee have financial backgrounds, which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

— to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues in respect of resignation or dismissal of the auditor;

— to discuss the nature and scope of the audit and the relevant reporting responsibilities with the external auditor before auditing, and to review and examine whether the external auditor is independent and objective and whether the audit procedures are effective according to applicable standards;

- to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas for improvement;

- to monitor the integrity of the Company's financial statements, reports and accounts, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditor of the Company as appropriate;

- to review the financial control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and the management's responses in respect of risk management and internal control matters;

- to ensure coordination between internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- to review the Company's financial and accounting policies and practices, to review the external auditor's management letter, to timely respond to any queries raised by the management and the Board, and to report to the Board as and when necessary;

- to have the right to establish a system for direct reporting by employees of the Company, to conduct investigations on any abnormalities of the Company in the manner as it considers necessary and appropriate, and to report to the Board as and when necessary. The committee shall also have the right to direct the Company to make proper arrangements for such issues, including conducting fair and independent investigations and taking appropriate actions; and

- to act as the key representative body for overseeing the Company's relation with the external auditor.

In 2019, the financial reporting and control reviews undertaken by the Audit Committee included the following:

- reviewed the integrity and accuracy of the 2018 annual report, the 2019 interim report and formal announcements relating to the Group's financial performance;

- reviewed the 2019 work report and 2020 work plans for internal audit and internal control of the Company, confirmed the effectiveness of the internal audit and internal control functions, and carried out profound communication and discussion on the enhancement of internal audit deterrence, the development of the internal audit and internal control system and benchmarking; and

- reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2019.

The Audit Committee held three meetings in 2019. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	3/3	100%
Non-executive Director	Mr. YANG Lin	3/3	100%
Independent non-executive Director	Mr. GAO Shibin	3/3	100%

The chief financial officer, the deputy chief financial officer, the qualified accountant and the auditor of the Company attended all these meetings including the three meetings which reviewed the integrity and accuracy of the Company's 2018 annual report, 2019 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

During the Period under Review and up to the date of this report, the members of the Independent Board Committee of the Company are Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin. The chairman of the Independent Board Committee is Mr. LAU Hon Chuen, Ambrose. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

- to discuss whether to exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-competition Undertaking or any redevelopment business in relation to the properties held by Sinochem Group, and any new business opportunities or property redevelopment opportunities of which the Company is notified by Sinochem Group in writing;

- to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and the pursuit of new business opportunities;

- for connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

- to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee entered into four written resolutions in 2019. It considered the independent option over Shimao Investment as granted by Sinochem Group, and resolved not to exercise the option over Shimao Investment for the time being and to make relevant disclosure in the 2018 annual report and 2019 interim report; confirmed various continuing connected transactions of the Company in 2018; considered one new business opportunity notified by Sinochem Group to the Company and the grant of share options to the Directors of the Company. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	4/4	100%
Independent non-executive Director	Mr. SU Xijia	4/4	100%
Independent non-executive Director	Mr. GAO Shibin	4/4	100%

STRATEGY AND INVESTMENT COMMITTEE

During the Period under Review and up to the date of this report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. LI Congrui, Mr. JIANG Nan, Mr. SONG Liuyi and independent non-executive Director Mr. GAO Shibin. The chairman of the Strategy and Investment Committee is Mr. LI Congrui.

The functions of the Strategy and Investment Committee include:

— to study and formulate the Company's growth strategies, and supervise and monitor the management's execution of the Company's growth strategies;

— to review the new project investment proposals submitted by the management according to the Company's growth strategies; and

— to review the proposals on the establishment of departments in the headquarters submitted by the management.

The Strategy and Investment Committee held 9 meetings and entered into 94 written resolutions in 2019. It considered and approved 246 issues, including a number of city operations projects, the feasibility study reports on the tender for lands, cooperation with funds, equity acquisitions and provision of financial assistance, etc. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui	103/103	100%
Executive Director	Mr. JIANG Nan	103/103	100%
Executive Director	Mr. SONG Liuyi	103/103	100%
Independent non-executive Director	Mr. GAO Shibin	103/103	100%

EXTERNAL AUDITOR

In 2019, the remuneration paid or payable to the Company's auditor, Ernst & Young, for the statutory audit and non-audit services amounted to approximately HK$11,265,000 and HK$5,305,000, respectively, including fees for services provided to Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited. The fees for non-audit services provided by Ernst & Young to the Group were mainly in relation to the fees for the review services on the interim financial reports, the services on continuing connected transactions and other professional services.

INTERNAL CONTROL

The Board takes responsibilities for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. In 2019, the Directors and the Audit Committee of the Company respectively listened to the special reporting on the Company's internal and external audit and the internal control work summary report, evaluated the effectiveness of the Company's risk management, operations and compliance management, financial management and internal control systems, continued to communicate directly with the personnel from the finance department, the internal audit department, the legal and compliance department and the strategic operations department, and made specific guiding opinions and requirements.

The Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual routine audit, departure audit and special audit where the scope of audits covers all aspects including the execution of the Group's internal regulations and procedures, finance, cost, tender and procurement, project quality, strategic operations, marketing, design, customer service and HSE management to prevent assets from inappropriate use. The Company also maintains proper accounts and ensures that relevant regulations are complied with. In 2019, the internal audit department of the Company carried out 4 routine audits, 9 special audits and 12 training sessions. The above measures aim to manage but not eliminate relevant risks and the above measures can only provide reasonable but not absolute assurance to the achievement of business objectives.

The Company has formulated a complete system concerning risk identification, assessment and management, and constantly made amendments and updates to the system. Various departments at the headquarters are responsible for executing the professional risk assessment, management and monitoring procedures, including 111 management standards and 168 reference guidelines in 15 categories on integrated management, human resources management, strategic operation and management, financial management, fund management, investment management, industrial city management, design management, cost management, tender and procurement management, marketing management, customer relationship management, engineering and HSE management, audit and legal affairs management and innovative development management, which comprehensively cover various risks associated with property related business and development of the Company. In 2019, among all procedures reviewed, managed and monitored by the headquarters of the Company, executive Directors gave 22,844 approvals in total, all of which were completed via the electronic online approval system.

The Company has in place a regulated, sound and effective internal control system. The headquarters of the Company is responsible for making annual amendments to the organisational structure, the accountability system and institutional documents on a rolling basis, and optimising the management hierarchy and approval procedures. At the same time, it endeavours to strengthen the IT system development, enhance the process monitoring and risk management in the course of business execution, and continuously improve the internal control system. In addition to regular internal audit and inspection of the accountability system by the internal audit department of our headquarters to ensure that the internal control system of the Company is in smooth operation as a whole, all the companies under the Group also regularly implement self-examination of the internal control system as part of their routine internal control efforts. In addition, the routine control measures also include the following: i) professional committees comprising the senior management and the relevant persons-in-charge from the headquarters' functional departments of the Company are established by the Company to regularly review the management of internal controls of the Company, such as budget and assessment, operation, quality and safety, investment as well as customer research and services, and to report to the senior management, and to decide and account for the same. In 2019, the five professional committees of the Company convened 117 regular and ad hoc meetings to consider and approve the enhancement initiatives for the management of a number of professional line functions and the decisions on key achievements of projects; ii) evaluation of the Group's comprehensive operating results, strategic progress and performance is carried out by the strategic operations department of the headquarters on a quarterly, semi-annual and annual basis, the reports of which are subject to the collective review and approval by the management of the Company. The supervision list of key matters is distributed to the relevant subordinate units for implementation and rectification within a specified period. This forms an efficient internal control feedback mechanism of the Company. The internal control system of the Company fully covers the major matters of the Company's operations and high risk areas that draw close attention, such that any material risks and deficiencies can be evaluated, supplemented and rectified in a timely manner.

After careful evaluation, the Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective confidentiality systems and measures, including the formulation of the "Administrative Standards on Inside Information Disclosure of China Jinmao" (《中國金茂內幕消息披露管理標準》) to state the selection criteria for inside information and the scope of informants of inside information and to identify the term of reference of the compliance, investor relations and media management functions. The administrative standards provide that inside information shall be kept strictly confidential prior to public disclosure, among which the personnel who have access to inside information must ensure confidentiality of the information, and should not, in any manner, divulge the information of the Company to external parties without authorisation. Besides, consultants and intermediaries engaged by the Company shall enter into strict confidentiality agreements with the Company to ensure the inside information is properly handled. At the same time, to ensure the inside information is disclosed in a timely and proper manner, any matters that constitute inside information must be first reviewed by the compliance officers and investor relations officers of the Company and obtain consent from the relevant executive Directors before due disclosure.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules to regulate directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2019.

All employees of the Group shall comply with the "Administrative Rules for Securities Transactions by the Employees of China Jinmao" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have the right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

MOVING A RESOLUTION AT AN ANNUAL GENERAL MEETING

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from:

(a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the Company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the Company not later than -

   (i) six weeks before the annual general meeting to which the requests relate; or

   (ii) if later, the time at which notice is given of that meeting.

PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

Pursuant to paragraph (2)(b) of Article 77 of the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a written notice of his intention to propose a resolution for the appointment or reappointment of the person as a Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

CONVENING A GENERAL MEETING

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

   (i) must state the general nature of the business to be dealt with at the meeting; and

   (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

   (i) may be sent to the Company in hard copy form or in electronic form; and

   (ii) must be authenticated by the person or persons making it.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries from shareholders to the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders.

The Company held an annual general meeting on 6 June 2019, which considered and approved the audited financial statements, the reports of the Directors and the auditor's report for the year ended 31 December 2018; declared the final dividend for the year ended 31 December 2018; re-elected Mr. NING Gaoning, Mr. JIANG Nan, Mr. GAO Shibin and Mr. AN Hongjun as Directors of the Company; authorised the Board of the Company to determine the remuneration of Directors of the Company; re-appointed Ernst & Young as the auditor of the Company and authorised the Board to determine its remuneration; and considered and approved the general mandate to issue shares and repurchase shares. Save for non-executive Directors Mr. NING Gaoning and Mr. YANG Lin who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 6 June 2019.

An extraordinary general meeting of the Company was convened on 29 January 2019 to consider and approve the adoption of a new share option scheme of the Company. Save for non-executive Directors Mr. NING Gaoning and Mr. AN Hongjun who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 29 January 2019.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are focusing on city operations, property development, finance and services, commercial leasing, retail operations and hotel operations. Details of the subsidiaries of the Company are set out in note 4 to the financial statements.

BUSINESS REVIEW

For details of the business operations, future business development and major risks faced by the Company during the Reporting Period, please refer to the section headed "Chairman's Statement" from pages 8 to 11, and the section headed "Management Discussion and Analysis" from pages 14 to 94 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the "Green Strategy" in the section headed "Management Discussion and Analysis" from pages 82 to 87 and the "Contributing a Culture of Green for our Environment" in the section headed "Corporate Social Responsibilities" from pages 99 to 100 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed "Corporate Social Responsibilities "from pages 98 to 103 in this report.

The above discussion forms part of the Report of the Directors.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Land Administration Law of the People's Republic of China", the "Urban Real Estate Administration Law of the People's Republic of China", the "Bidding Law of the People's Republic of China", the "Measures on the Administration of Sale of Commodity Houses", the "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the China Securities Regulatory Commission and the People's Bank of China (the "PBOC"), the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have a material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has formulated the comprehensive administration standards and approval procedures for legal affairs and continued to revise them for improvement. In 2019, the Group reviewed and approved a total of 16,815 contracts according to the standardised procedures via the network office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2019, the Company organised 130 legal trainings for employees, regularly published a total of 19 articles on topics including legal news, latest laws and regulations and legal research reports on the column "Law-Ruling Jinmao" on the network office automation platform, enhanced the construction of the legal risk prevention and control system throughout the real-estate process including investment, marketing, tender and procurement, engineering, design, and customer relationship, improved the post-investment management of joint venture projects and corporate governance mechanisms. The Company conducted research on city operation projects, and prepared a standardised work manual for each transaction mode and characteristic, risk factors, and key contractual terms involved in city operations, so as to ensure effective operation of the legal risk prevention and control system of the Company by making sure that the employees of the Company are aware of and in compliance with the relevant laws and regulations when discharging their duties.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss on page 162 of this report.

The dividend distribution policy of the Company is to distribute dividend to its shareholders when the Group records profit for a financial period. The dividend to be distributed to shareholders will be determined based on the profit attributable to owners of the parent (net of fair value of investment properties (net of deferred tax)) for that period, multiplied by a dividend distribution ratio of around 40%. In determining the specific dividend distribution ratio, the Board will take into account the financial performance, cash flow and capital commitments, etc. of the Group.

On 28 August 2019, the Board resolved to make payment of an interim dividend of HK12 cents per share to the shareholders of the Company. The interim dividend was paid on 31 October 2019.

The Board recommended the payment of a final dividend of HK11 cents per share for the year ended 31 December 2019. The proposed final dividend shall be subject to approval by shareholders at the forthcoming annual general meeting. Upon determining the date of the annual general meeting, the Company will issue a notice on the closure of register with respect to the annual general meeting and final dividend. The final dividend is expected to be paid by 31 August 2020. Details of the payment of the dividend will be set out in the notice convening the annual general meeting.

SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2019, the total issued share capital of the Company was 11,769,524,490 ordinary shares.

Details of movement in the Company's share capital and share options in 2019 are set out in notes 37 and 38 to the financial statements, respectively.

Share Placing and Subscription of New Shares

As stated in the announcements of the Company dated 26 July 2019 and 6 August 2019, Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") sold 1,787,077,435 shares and 15,559,860 shares of the Company to Ping An of China Asset Management (Hong Kong) Company Limited (a duly appointed investment manager of Ping An Life Insurance) and New China Life Insurance Company Ltd., respectively, at a price of HK$4.8106 per share (the closing price of the shares on the Hong Kong Stock Exchange was HK$4.84 per share as at the last trading day prior to entering into the relevant agreements, i.e. 25 July 2019), and the Company allotted and issued an aggregate of 169,494,061 new shares to Sinochem Hong Kong at a price of HK$4.8106 per share on 6 August 2019. The net proceeds from the above new shares subscription amount to approximately HK$814.6 million (representing a net price of approximately HK$4.81 per subscription share) which will be applied as general working capital of the Group. Upon completion of the aforesaid placing and subscription, the total issued share capital of the Company has increased to 11,757,138,390 shares.

The above placing and subscription can supplement the Group with necessary funding for its expansion and growth. The introduction of Ping An Life Insurance can bring about cooperation opportunities, and provide opportunities to raise further capital for the Group, whilst broadening the shareholder base and the capital scale of the Company.

As of the date of this report, all of the proceeds from the above subscription have been used for the payment of the final dividend for the year ended 31 December 2018, which is in line with the intended use of the proceeds as disclosed.

RESERVES

Movements in reserves of the Company and of the Group in 2019 are set out in note 39 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$1,981,876,000 (equivalent to RMB1,566,857,000), of which HK$1,294,648,000 (equivalent to RMB1,168,031,000) has been proposed as a final dividend for the Year. In addition, the Company's share capital in the amount of HK$6,109,789,000, being the amount of the share premium which has become part of the share capital pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2019 Percentage of total turnover (%)
Five largest customers	11%
The largest customer	3%

	Percentage of total purchase (%)
Five largest suppliers	5%
The largest supplier	2%

The above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their close associates or any shareholders who own more than 5% of the Company's shares had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Company and the Group as at 31 December 2019 are set out in note 33 to the financial statements.

CHARITABLE DONATIONS

During the Year, the subsidiaries of the Company in Changsha, Shanghai and other places donated a total of RMB8,746,852 for public welfare including school education and targeted poverty alleviation.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 13 and 17 to the financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 288 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and up to the date of this report, the Directors of the Company include:

Non-executive Directors

Mr. NING Gaoning
Mr. YANG Lin
Mr. AN Hongjun

Executive Directors

Mr. LI Congrui
Mr. JIANG Nan
Mr. SONG Liuyi

Independent non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

During the Year and up to the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company at www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2019, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 104 to 110 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2019, details of the remuneration of the Directors and senior management of the Company are set out in notes 8 and 46 to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTEREST IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors (or their connected entities) was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by the Company or its controlling shareholders or any of their respective subsidiaries as at 31 December 2019 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES

Save as disclosed in the section headed "Share Option Scheme" under the "Report of the Directors" in this report, no arrangements to which the Company or its controlling shareholders or any of their respective subsidiaries is a party, whose purposes are, or one of whose purposes is, to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted as at 31 December 2019 or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Sinochem Group is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Group or its subsidiaries and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, and the Non-competition Undertaking between Sinochem Group and the Company dated 26 July 2007, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" and "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided a written confirmation stating that Sinochem Group and its subsidiaries (other than those which form part of the Group) complied with their obligations under the Non-competition Undertaking during 2019.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Corporate Social Responsibilities" on pages 98 to 103 of this report.

RETIREMENT SCHEMES

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to pay retirement benefits under the Retirement Schemes to employees when they retire, and the Group is not required to provide other post-retirement benefits to the employees, except for the contributions made under the Retirement Schemes.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2019 were RMB166,488,000.

MANAGEMENT CONTRACT

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2007 (the "2007 Scheme"), which has expired on 21 November 2017. On 29 January 2019, the Company convened an extraordinary general meeting, and approved and adopted a new share option scheme (the "New Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company.

According to the terms of the New Scheme, the Board shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the approval date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company. Accordingly, the Company may issue up to 1,155,352,832 shares to the participants under the New Scheme, representing 9.8% of the issued share capital of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding share options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further share options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

More details of the 2007 Scheme and the New Scheme are set out in note 38 to the financial statements.

GRANT AND EXERCISE OF SHARE OPTIONS

On 5 May 2008, the Company granted 5,550,000 share options to eligible participants pursuant to the 2007 Scheme. 60% of these share options were lapsed as the performance review results for the year did not meet the target performance results; the remaining 40% of the share options were vested and the exercisable period was expired on 4 May 2015. On 28 November 2012, 58,267,500 share options were granted to eligible participants by the Company. 40% of these share options were lapsed as the performance review results for the year did not meet the target performance results; the remaining 60% of the share options were vested and the exercisable period had expired on 27 November 2019.

On 17 October 2016, the Company granted 172,350,000 share options to eligible participants pursuant to the 2007 Scheme and the exercise price was HK$2.196 per share, being the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet for the last five consecutive trading days prior to the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are achieved. Otherwise, the share options shall lapse.

On 6 September 2018, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of the grantees and the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2017 performance)" provided by the external independent professional advisor.

On 8 February 2019, the Company granted 265,950,000 share options to eligible participants pursuant to the New Scheme and the exercise price was HK$3.99 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are achieved. Otherwise, the share options shall lapse.

On 26 August 2019, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of the grantees and the "Explanation on the Fulfilment of Conditions of the Second Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2018 performance)" provided by the external independent professional advisor.

On 9 September 2019, the Company granted in a total of 9,000,000 share options to Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi, the executive Directors of the Company, pursuant to the New Scheme and the exercise price was HK$4.58 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are all achieved. Otherwise, the share options shall lapse.

The following share options were outstanding under the 2007 Scheme and New Scheme during the year ended 31 December 2019:

Name or category of grantees	As at 1 January 2019	Number of share options: Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2019	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
Directors										
Mr. LI Congrui	435,000	–	(435,000)	–	–	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	(435,000)	–	–	–	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Mr. JIANG Nan	435,000	–	(435,000)	–	–	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	(435,000)	–	–	–	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Mr. SONG Liuyi	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	–	1,000,000	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71

Name or category of grantees	As at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2019	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
		Number of share options								
Sub total	1,740,000	–	(1,740,000)	–	–	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	4,500,000	–	–	–	–	4,500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	–	9,000,000	–	–	–	9,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
Employees in aggregate	1,879,800	–	(1,879,800)	–	–	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	2,794,100	–	(2,794,100)	–	–	–	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	39,909,000	–	(33,391,200)	–	–	6,517,800	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	43,628,000	–	(6,697,000)	–	(1,302,800)	35,628,200	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	43,904,000	–	–	–	(1,292,000)	42,612,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	–	88,644,000	–	–	(1,950,000)	86,694,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	–	88,644,000	–	–	(1,950,000)	86,694,000	8 February 2019	8 February 2022 to 7 February 2026	3.99	4.00
	–	88,662,000	–	–	(1,950,000)	86,712,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00
Total	6,413,900	–	(6,413,900)	–	–	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	131,941,000	–	(40,088,200)	–	(2,594,800)	89,258,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	–	265,950,000	–	–	(5,850,000)	260,100,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	–	9,000,000	–	–	–	9,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71

DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES OR UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 December 2019, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

(a) Interest in the shares or underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held (Note)	Approximate percentage of the issued share capital
Mr. LI Congrui	Beneficial owner	1,000,000(L)	4,500,000(L)	0.047%
Mr. JIANG Nan	Beneficial owner	1,000,000(L)	4,500,000(L)	0.047%
Mr. SONG Liuyi	Beneficial owner	1,000,000(L)	4,500,000(L)	0.047%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

(b) Interest in the shares or underlying shares of the associated corporations of the Company

Name	Capacity	Name of the associated corporation	Number of share stapled units held	Approximate percentage of the issued share stapled units
Mr. LI Congrui	Beneficial owner	Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited Note 1	350,000(L)	0.018% Note 2
Mr. JIANG Nan	Beneficial owner	Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited Note 1	484,500(L)	0.024% Note 2

(L) Denotes long positions

Note 1: As at 31 December 2019, the Company was interested in approximately 66.77% equity interest in the share stapled units issued by Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited. As a result, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited is an associated corporation of the Company.

Note 2: The percentage is calculated based on the total number of issued share stapled units of 2,000,000,000 share stapled units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited as at 31 December 2019.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors of the Company, as at 31 December 2019, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Nature	Capacity/nature of Interest	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited	Long position	Beneficial owner	4,126,738,025	35.06%
Sinochem Corporation	Long position	Interest of controlled corporation[Note 1]	4,126,738,025	35.06%
Sinochem Group Co., Ltd.	Long position	Interest of controlled corporation[Note 1]	4,126,738,025	35.06%
Ping An Life Insurance Company of China, Ltd.	Long position	Beneficial owner	1,787,077,435	15.18%
Ping An Insurance (Group) Company of China, Ltd.	Long position	Interest of controlled corporation[Note 2]	1,787,077,435	15.18%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,079,321,860	9.17%
UBS Group AG	Long position	Interest of controlled corporation[Note 3]	711,508,410	6.05%
		Security interest in shares held	7,633,379	0.06%

Note1: Sinochem Group Co., Ltd. holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong (Group) Company Limited. For the purpose of the SFO, Sinochem Group Co., Ltd. and Sinochem Corporation are both deemed to be interested in the shares beneficially owned by Sinochem Hong Kong (Group) Company Limited.

Note 2: Ping An Insurance (Group) Company of China, Ltd. holds 99.51% equity interests in Ping An Life Insurance Company of China, Ltd. For the purpose of the SFO, Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in the shares beneficially owned by Ping An Life Insurance Company of China, Ltd.

Note 3: UBS Group AG is deemed to have interests in the shares of the Company held by UBS AG, UBS Switzerland AG, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Asset Management (Canada) Inc., UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Japan) Ltd, UBS Asset Management Life Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management Switzerland AG, UBS Asset Management Trust Company, UBS Asset Management (UK) Limited, UBS Fund Management (Luxembourg) S.A. and UBS Fund Management (Switzerland) AG, and such companies are subsidiaries of UBS Group AG.

Save as disclosed above, as at 31 December 2019, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from the independent shareholders' approval requirement:

1 Framework lease agreement between China Jin Mao Group Co., Ltd. ("Jin Mao Group") and Sinochem Group;

2 Framework lease agreement between the Company and Sinochem Group;

3 Entrustment loan framework agreement between Franshion Properties (Hangzhou) Limited ("Hangzhou Properties"), Sky Power Properties Limited ("Sky Power Properties") and Sinochem Lantian Co., Ltd. ("Sinochem Lantian");

4 Entrustment loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

5 Entrustment loan framework agreement between Changsha Meixi Lake Jin Yue Properties Limited ("Jin Yue Properties"), Changsha Jinmao Real Estate Co., Ltd. ("Changsha Jinmao") and Meixi Lake Investment (Changsha) Co., Ltd. ("Meixi Lake Investment");

6 Factoring service framework agreement between the Company and Sinochem Commercial Factoring Co., Ltd. ("Sinochem Factoring");

7 Loan framework agreement between Chongqing Xingqian Real Estate Co., Ltd. ("Xingqian Real Estate") and its direct and indirect shareholders (including the Company, Ping An Real Estate Company Limited ("Ping An Real Estate"), Jinmao Xinan Enterprise Management (Chongqing) Limited ("Jinmao Xinan"), Fubao Investment Management Limited ("Fubao"), Step Fancy Investments Limited ("Step Fancy"), and Year Fine Limited ("Year Fine"));

8 Entrustment loan framework agreement between Ningbo Yingmao Properties Development Co., Ltd. ("Yingmao Properties"), Wide Sea Limited ("Wide Sea") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Pingjia Investment").

II. Continuing connected transactions approved or to be approved by independent shareholders:

9 Renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance");

10 Financial services framework agreement between the Company, Ping An Bank Co., Ltd. ("Ping An Bank"), China Ping An Trust Co., Ltd. ("Ping An Trust"), Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd. ("Pingyu Factoring"), Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity"), Ping An Real Estate and Ping An Asset Management Co., Ltd. ("Ping An Asset Management").

For these continuing connected transactions, the Company confirms that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and guidelines formulated when such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1 Framework lease agreement between Jin Mao Group and Sinochem Group

On 7 December 2016, Jin Mao Group entered into a framework lease agreement with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower (the "2016 Jin Mao Framework Lease Agreement"). The 2016 Jin Mao Framework Lease Agreement, which took effect on 1 January 2017, is valid for a period of two years. For the two years ended 31 December 2018, the annual transaction caps (including rent, property management fee and other charges) were RMB59.7 million and RMB64.1 million, respectively.

On 21 December 2018, Jin Mao Group entered into a renewed framework lease agreement with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower (the "2018 Jin Mao Framework Lease Agreement"). The 2018 Jin Mao Framework Lease Agreement, which took effect on 1 January 2019, is valid for a period of three years. For the three years ending 31 December 2021, the annual transaction caps (including rent, property management fee and other charges) are RMB61.11 million, RMB85.46 million and RMB103.14 million, respectively.

Jin Mao Group is a non-wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the 2016 Jin Mao Framework Lease Agreement, the 2018 Jin Mao Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

Please refer to the sub-section under "Framework lease agreement between the Company and Sinochem Group" below for further details.

2 Framework lease agreement between the Company and Sinochem Group

The Company and Sinochem Group entered into two framework lease agreements for lease of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower on 31 December 2008 and 31 July 2009, respectively (the "Original Framework Lease Agreements"). In order to streamline and optimise the regulation of the leasing relationship in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower between the Company (and its subsidiaries) and Sinochem Group (and its associates), the Company entered into with Sinochem Group a comprehensive framework lease agreement (the "New Framework Lease Agreement") on 11 November 2011 in place of the two Original Framework Lease Agreements. The New Framework Lease Agreement was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2011. The New Framework Lease Agreement is valid for a term of ten years commencing from 1 January 2012. Pursuant to the New Framework Lease Agreement:

(1) The two Original Framework Lease Agreements shall be terminated on 31 December 2011 and the New Framework Lease Agreement shall take effect on 1 January 2012.

(2) Pursuant to the two Original Framework Lease Agreements, all the existing specific lease contracts in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower in Beijing, China and the relevant units in Jin Mao Tower in Shanghai, China entered into between the Company (and its subsidiaries) and Sinochem Group (and its associates) respectively shall be included in and regulated by the New Framework Lease Agreement upon the termination of the Original Framework Lease Agreements.

(3) The rent under the New Framework Lease Agreement shall be determined based on the relevant specific lease contracts, which includes the property management fee of the relevant units and various miscellaneous expenses actually incurred, including but not limited to car park rental, car park management fee, car parking fee, water charge, electricity charge, gas charge, phone bill, overtime air-conditioning charge, maintenance fee and catering fee (if applicable). The rent shall be paid by lessees in accordance with the provisions of the specific lease contracts.

(4) On 7 December 2016, taking into consideration the estimated transaction amount under the 2016 Jin Mao Framework Lease Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the two years ended 31 December 2018 with respect to the leased properties under the New Framework Lease Agreement were RMB406.51 million and RMB448.37 million, respectively.

(5) Given that the annual caps under the New Framework Lease Agreement were expired on 31 December 2018, on 21 December 2018, taking into consideration the estimated transaction amount under the 2018 Jin Mao Framework Lease Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the three years ending 31 December 2021 with respect to the leased properties under the New Framework Lease Agreement would be RMB481.66 million, RMB526.85 million and RMB597.58 million, respectively.

In 2019, details of the New Framework Lease Agreement and the transactions contemplated under the specific lease contracts are as follows:

	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2019
1.	Two subsidiaries of Sinochem Group Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group		RMB	38,057,171
	1A Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2025	RMB	30,812,571
	1B China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2020	RMB	7,244,600
2.	Sinochem Group Co., Ltd. and its 19 subsidiaries	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group		RMB	268,116,086
	2A Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	93,102,633
	2B Sinochem Group Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	7,910,496
	2C New XCL (China) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	349,327
	2D China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	32,640,580
	2E China National Seed Group Corp.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	3,471,642
	2F Sinochem Insurance Brokers (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	-248,900(Note)
	2G Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	25,546,863
	2H Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	16,010,017
	2I Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	5,005,139
	2J Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	18,630,752
	2K Sinochem Energy and Technology Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	17,973
	2L Sinochem Quanzhou Petrochemical Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	322,064
	2M Sinochem Commerce Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	4,443,792
	2N Sinochem Commercial Factoring Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2019 to 2022	RMB	4,106,660
	2O Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	10,607,417

Note: Sinochem Insurance Brokers (Beijing) Co., Ltd. had terminated its tenancy during 2019. The amount was a refund of its prepaid rental during 2018.

	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2019
	2P Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	14,390,008
	2Q Sinochem Oil Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	11,908,851
	2R Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2017 to 2020	RMB	2,879,232
	2S Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	5,355,539
	2T Sinochem Capital Co., Ltd., Beijing Branch	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	11,666,001
3.	15 subsidiaries of Sinochem Group Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group		RMB	57,607,819
	3A Sinochem Corporation	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	3,163,154
	3B Beijing Sinochem Jinqiao Trade Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	176,039
	3C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2015 to 2022	RMB	12,619,131
	3D China National Seed Group Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2018 to 2020	RMB	21,017
	3E Manulife-Sinochem Life Insurance Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2018 to 2022	RMB	6,911,657
	3F Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	3,615,892
	3G Sinochem Commerce Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	9,919,664
	3H Sinochem Environment Holdings Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	135,071
	3I Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant business in Sinochem Tower from the Group	2018 to 2021	RMB	20,903
	3J Sinochem Petrochemical Sales Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2020	RMB	58,702
	3K Sinochem Plastics Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	9,940,813
	3L Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2020	RMB	6,282,511
	3M Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2020	RMB	1,599,337

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2019
3N Sinochem Asset Management Co. Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2022	RMB	3,104,614
3O Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2018 to 2020	RMB	39,314
Total			RMB	363,781,076

Sinochem Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the New Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

3 Entrustment loan framework agreement between Hangzhou Properties, Sky Power Properties and Sinochem Lantian

On 26 February 2016, Hangzhou Properties entered into a framework agreement with its shareholders, namely Sky Power Properties and Sinochem Lantian (the "2016 Hangzhou Framework Agreement"), pursuant to which Hangzhou Properties agreed to provide entrustment loans to Sky Power Properties and Sinochem Lantian (or their respective designated loan receiving entities) based on the same terms and conditions and in proportion to their respective shareholdings in Hangzhou Properties. During the 3-year term of the 2016 Hangzhou Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) will be RMB700 million. On 31 August 2018, Hangzhou Properties further entered into a new framework agreement with Sky Power Properties and Sinochem Lantian (the "2018 Hangzhou Framework Agreement"), pursuant to which Hangzhou Properties shall continue to provide loans to Sky Power Properties and Sinochem Lantian (or their respective designated loan receiving entities) during the term of the 2018 Hangzhou Framework Agreement. Under the 2018 Hangzhou Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the same term RMB benchmark loan interest rate for financial institutions published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the 2018 Hangzhou Framework Agreement. The 2018 Hangzhou Framework Agreement shall be valid for three years from 31 August 2018 and replace the 2016 Hangzhou Framework Agreement from its effective date. During the term of the 2018 Hangzhou Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) will be RMB295 million. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

Hangzhou Properties is an indirect non-wholly-owned subsidiary of the Company. Sinochem Lantian is owned as to approximately 51% by Sinochem Group, which is the ultimate holding company of the Company. Accordingly, it is a connected person of the Company. As such, the transaction in relation to the provision of loans by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

4 Entrustment loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 25 June 2014, Jinmao Changsha entered into a framework agreement with its shareholders, namely Jinmao Development and CSC Changsha (the "Original Changsha Framework Agreement"), pursuant to which Jinmao Changsha agreed to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jinmao Changsha. During the term of the Original Changsha Framework Agreement, the cap on the maximum daily balance (including accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any of its designated shareholders) was RMB1,200 million. The Original Changsha Framework Agreement was expired on 24 June 2017. On 5 June 2017, Jinmao Changsha entered into a new framework agreement with Jinmao Development and CSC Changsha (the "New Changsha Framework Agreement"), pursuant to which Jinmao Changsha shall continue to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any of its designated shareholders) during the term of the New Changsha Framework Agreement. Under the New Changsha Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the New Changsha Framework Agreement. The New Changsha Framework Agreement shall be valid for three years with effect from 25 June 2017. During the term of the New Changsha Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any of its designated shareholders) will be RMB1,000 million. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

Jinmao Development is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Jinmao Development and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of entrustment loans by Jinmao Changsha to CSC Changsha (or any of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

5 Entrustment loan framework agreement between Jin Yue Properties, Changsha Jinmao and Meixi Lake Investment

On 14 December 2017, Jin Yue Properties entered into a framework agreement with its shareholders, namely Changsha Jinmao and Meixi Lake Investment (the "Jin Yue Framework Agreement"), pursuant to which Jin Yue Properties agreed to provide entrustment loans to Changsha Jinmao (or its designated non-connected subsidiaries of the Company) and Meixi Lake Investment (or any of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jin Yue Properties. Under the Jin Yue Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Jin Yue Framework Agreement. The Jin Yue Framework Agreement shall be valid for three years. During the term of the Jin Yue Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jin Yue Properties to Meixi Lake Investment (or any of its designated shareholders) will be RMB500 million. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

Changsha Jinmao is an indirect wholly-owned subsidiary of the Company. Jin Yue Properties, owned as to 70% and 30% respectively by Changsha Jinmao and Meixi Lake Investment, is an indirect non-wholly-owned subsidiary of the Company. Meixi Lake Investment is the substantial shareholder of Jin Yue Properties and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of entrustment loans by Jin Yue Properties to Meixi Lake Investment (or any of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

6 Factoring service framework agreement between the Company and Sinochem Factoring

On 28 March 2018, the Company and Sinochem Factoring entered into a framework agreement, pursuant to which the Group will utilise the financing factoring services and non-financial factoring services available from Sinochem Factoring from time to time as it deems necessary for a term of three years. Under the framework agreement, the interests and fees payable by the Group to Sinochem Factoring shall not be higher than the interests and fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions. During the term of the factoring service framework agreement, the cap on the daily maximum balance (including the amount of accounts receivables and accrued interests) in respect of the financing factoring services to be provided by Sinochem Factoring to the Group will be RMB2,000 million, and the annual cap for the fees of the non-financing factoring services to be provided by Sinochem Factoring to the Group will be RMB40 million. For the year ended 31 December 2019, the transaction amount did not exceed the aforesaid two caps.

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the factoring service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

7 Loan framework agreement between Xingqian Real Estate and its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine)

On 23 August 2019, Xingqian Real Estate, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine) (the "Xingqian Framework Agreement"), pursuant to which Xingqian Real Estate agreed to provide loans to the Company and Ping An Real Estate (or their respective designated entities) based on the same terms and conditions and in proportion to the effective interest in Xingqian Real Estate held by the Company and Ping An Real Estate through their respective subsidiaries. Under the Xingqian Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the RMB benchmark loan interest rate for financial institutions of the same term published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into loan agreements separately according to the terms and conditions set out in the Xingqian Framework Agreement. The Xingqian Framework Agreement shall be valid for three years. During the term of the Xingqian Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Xingqian Real Estate to Ping An Real Estate (or its designated entities) will be RMB900 million. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

Ping An Real Estate is an associate of Ping An Life Insurance, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. Step Fancy is a subsidiary of the Company owned as to 63.2% by the Company and 36.8% by Ping An Real Estate through Fubao, its wholly-owned subsidiary. Accordingly, Step Fancy is a connected subsidiary of the Company. Xingqian Real Estate is an indirect non-wholly-owned subsidiary of Step Fancy and also a connected subsidiary of the Company. Therefore, the transactions under the Xingqian Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

8 Entrustment loan framework agreement between Yingmao Properties, Wide Sea and Pingjia Investment

On 17 March 2020, Yingmao Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the entrustment loan framework agreement with its shareholders, namely Wide Sea and Pingjia Investment (the "Yingmao Framework Agreement"), pursuant to which Yingmao Properties agreed to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of Wide Sea and Pingjia Investment in Yingmao Properties. Under the Yingmao Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the latest loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Yingmao Framework Agreement. The Yingmao Framework Agreement shall be for a term of two years commencing from 24 March 2020. During the term of the Yingmao Framework Agreement, the cap on the maximum daily balance (including the accrued interests) of the loans to be provided by Yingmao Properties to Pingjia Investment (or its designated entities) will be RMB550 million.

Pingjia Investment is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Yingmao Properties is a subsidiary owned as to 50% by the Company through Wide Sea and the remaining 50% by Pingjia Investment, and is therefore a connected subsidiary of the Company. Accordingly, the transactions under the Yingmao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the year ended 31 December 2019, the maximum daily balance (including the accrued interests) of the loans provided by Yingmao Properties to Pingjia Investment (or its designated entities) amounted to approximately RMB632.2 million. As Ping An Life Insurance became a connected person of the Company on 6 August 2019 following completion of the share placing by the Company, the historical transactions between Yingmao Properties and Pingjia Investment as at 5 August 2019 were not connected transactions of the Company. During the period from 6 August 2019 to 31 December 2019, there were no new relevant transactions between Yingmao Properties and Pingjia Investment.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED OR TO BE APPROVED BY INDEPENDENT SHAREHOLDERS

9 Renewed framework financial service agreement between the Company and Sinochem Finance

On 3 November 2014, the Company and Sinochem Finance entered into a framework financial service agreement (the "Sinochem Framework Financial Service Agreement"), pursuant to which the Company and its subsidiaries will utilise the financial services provided by Sinochem Finance on a non-exclusive basis as they deem necessary, including deposit and loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by the China Banking and Insurance Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interest from Sinochem Finance. The relevant fees and loan interest shall be determined at a rate no higher than the standards as set by the PBOC from time to time or the market price, and the deposit interest shall be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC from time to time or the market price. The settlement services are provided free of charge. During the term of the Sinochem Framework Financial Service Agreement, the cap on the maximum daily balance for deposits of the Group at Sinochem Finance was RMB2,800 million. The deposit service under the Sinochem Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 5 December 2014. The Sinochem Framework Financial Service Agreement was expired on 3 December 2017.

On 2 November 2017, the Company and Sinochem Finance entered into the renewed framework financial service agreement (the "Renewed Sinochem Framework Financial Service Agreement"), pursuant to which the Company and its subsidiaries will continue to utilise the financial services provided by Sinochem Finance on a non-exclusive basis as they deem necessary for a term of three years. The terms of the Renewed Sinochem Framework Financial Service Agreement are substantially the same as those of the Sinochem Framework Financial Service Agreement. During the term of the Renewed Sinochem Framework Financial Service Agreement, the cap on the maximum daily balance for deposits of the Group at Sinochem Finance shall be RMB6,000 million. The deposit service under the Renewed Sinochem Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 8 December 2017.

Sinochem Finance is an indirect subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. The provision of financial services to the Company by Sinochem Finance constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2019, the transaction amount did not exceed the annual cap.

10. Financial services framework agreement between the Company, Ping An Bank, Ping An Trust, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management

On 18 March 2020, the Company entered into the financial services framework agreement (the "Ping An Financial Services Framework Agreement") with Ping An Bank, Ping An Trust, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management (collectively, the "Ping An Member Companies"), pursuant to which the Group will, when it deems necessary, utilise the financial services that Ping An Member Companies provide on a non-exclusive basis, including deposit and loan services, entrustment loans services, mortgage loan services, settlement services, factoring services (including financing factoring services and non-financing factoring services), commercial insurance services and other financial services as approved by competent authorities such as the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interest from Ping An Member Companies. The relevant fees and loan interest shall be determined at a rate no higher than the rates offered by independent financial institutions of the same type under the same conditions, and the deposit interest shall be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC or those offered by independent financial institutions. The mortgage loan services and settlement services are provided free of charge. During the term of the Ping An Financial Services Framework Agreement, the caps on the maximum daily balance of the deposit services, the loan services and the financing factoring services are RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively. The terms of the deposit services, the loan services and the financing factoring services under the Ping An Financial Services Framework Agreement will commence upon obtaining the approval from the independent shareholders and will end on 31 December 2022. The term of all other financial services under the Ping An Financial Services Framework Agreement commenced from 18 March 2020 and will end on 31 December 2022. The Company is in the process of seeking approval from its independent shareholders in respect of the deposit services, the loan services and the financing factoring services, and will publish an announcement on the voting results of the general meeting in due course.

Each of the Ping An Member Companies is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions under the Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the year ended 31 December 2019, the maximum daily balance of the deposit services and the loan services amounted to approximately RMB5,662 million and RMB2,000 million, respectively. As Ping An Life Insurance became a connected person of the Company on 6 August 2019 following completion of the share placing by the Company, the historical transactions between the Group and Ping An Member Companies as at 5 August 2019 were not connected transactions of the Company. During the period from 6 August 2019 to 31 December 2019, there were no new relevant transactions between the Group and Ping An Member Companies.

CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the one-time connected transactions of the Company include:

1 Formation of partnership by Jinmao Tianjin with Jiaxing Investment and Sinochem Capital

On 18 March 2019, Jinmao Investment Management (Tianjin) Co., Ltd. ("Jinmao Tianjin"), a wholly-owned subsidiary of the Company, entered into a partnership agreement with Jinmao (Jiaxing) Investment Management Co., Ltd. ("Jiaxing Investment") and Sinochem Capital Investment Management Co., Ltd. ("Sinochem Capital Investment") for the formation of the partnership. The total subscribed capital contribution from all the partners of the partnership shall be RMB2,002 million, of which Jiaxing Investment (as the general partner) shall subscribe for an amount of RMB1 million, Jinmao Tianjin (as a limited partner) shall subscribe for an amount of RMB1,000 million, and Sinochem Capital Investment (as a limited partner) shall subscribe for an amount of RMB1,001 million. The partnership is mainly engaged in private equity investment in real estate sector, focusing on projects controlled and operated by China Jinmao or projects using the brand of China Jinmao.

Jinmao Tianjin is a wholly-owned subsidiary of the Company. As Sinochem Capital Investment is a subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the above transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios of the above transaction are more than 0.1% but less than 5%, the above transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2 Acquisition of equity interests in Jinmao Hangzhou

On 25 September 2019, Shanghai Maohuan Enterprise Management Co., Ltd. ("Shanghai Maohuan"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Jiaxing Jinfang Qiantang Equity Investment Partnership (Limited Partnership) ("Jiaxing Jinfang") and Jinmao Hangzhou Property Development Co., Ltd. ("Jinmao Hangzhou"), pursuant to which Jiaxing Jinfang agreed to dispose of and Shanghai Maohuan agreed to acquire 50% equity interests in Jinmao Hangzhou at a total consideration of RMB2,050,329,161.70. Upon completion of the transaction, the Company indirectly holds 100% equity interests in Jinmao Hangzhou.

Prior to the acquisition, Jinmao Hangzhou was an indirect non-wholly-owned subsidiary of the Company, and Jiaxing Jinfang was the connected person of the Company as the ultimate controlling shareholder of Ping An Life Insurance, a substantial shareholder of the Company, has control over Jiaxing Jinfang. Accordingly, the aforesaid acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the above transaction are more than 0.1% but less than 5%, the aforesaid acquisition is only subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements. The aforesaid acquisition has been completed on 26 September 2019.

3 Acquisition of equity interests in Wuhan Huazi

On 12 March 2020, Beijing Franshion Yicheng Properties Company Limited ("Yicheng Properties"), an indirect wholly-owned subsidiary of the Company, and Sinochem Asset Management Co., Ltd. ("Sinochem Asset") entered into an equity transfer agreement, pursuant to which Yicheng Properties agreed to acquire 100% equity interests in Wuhan Huazi Enterprise Management Consulting Co., Ltd. ("Wuhan Huazi") from Sinochem Asset at the consideration of RMB6,850,000,000. Upon completion of the transaction, Wuhan Huazi will become an indirect wholly-owned subsidiary of the Company. Wuhan Huazi holds the entire interests in the Five Land Parcels Project in China-Europe International City through three wholly-owned subsidiaries, the entire interests in the Xiaowang Village Project through one wholly-owned subsidiary, and 20% interests in the Yangsi Port Project through one company with equity participation.

Sinochem Asset is a wholly-owned subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the aforesaid acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios of the transaction are more than 5%, the aforesaid acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios of the above transaction are more than 5% but less than 25%, it also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Company is in the process of seeking approval from its independent shareholders in respect of the aforesaid acquisition, and will publish an announcement on the voting results of the general meeting in due course.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2019 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company for the year ended 31 December 2019 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- for the connected transactions involving the provision of goods or services by the Group have not been entered into in accordance with the pricing policies of the Group in all material aspects;

- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and

- have exceeded the relevant caps for the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the sections headed "Share Capital and Share Options" and "Issuance of Notes" of "Report of the Directors" in this report, during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF NOTES

1 Issue of domestic corporate bonds

As stated in the announcements of the Company dated 19 February 2019 and 25 February 2019, Shanghai Jinmao Investment Management Group Co., Ltd (formerly known as Jinmao Investment Management (Shanghai) Co., Ltd.) (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB1,800,000,000 to qualified investors on 22 February 2019. These bonds have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back these corporate bonds at the end of the third year, with a final coupon rate of 3.72%. All of the proceeds from the issuance of such bonds have been used for repayment of the existing indebtedness of the Company, which is in line with the intended use of the proceeds as disclosed. As at the date of this report, the Group did not redeem or cancel any of such bonds.

2 Exchange and new issue of guaranteed senior notes

As stated in the announcements of the Company dated 4 June, 11 June, 14 June, 17 June and 24 June 2019, on 4 June 2019, the Company made an exchange offer inviting holders of US$500,000,000 guaranteed senior notes due 2021 with an interest rate of 6.75% per annum ("Existing Notes") issued by Franshion Development Limited ("Existing Notes Issuer") to exchange their Existing Notes for the U.S. dollar denominated guaranteed senior notes ("New Notes") issued by Franshion Brilliant Limited ("New Notes Issuer"), and concurrently conducted an offering of additional New Notes ("Concurrent New Money Issue"). Prior to the exchange expiration deadline, US$98,096,000 in the aggregate principal amount of the Existing Notes had been validly tendered pursuant to the exchange offer and accepted by the Company for exchange. US$104,956,000 in the aggregate principal amount of the New Notes issued under the exchange offer together with the New Notes of US$145,044,000 issued under the Concurrent New Money Issue constitutes the New Notes with the aggregate principal amount of US$250,000,000. The New Notes will expire on 21 June 2024, with a final coupon rate of 4.00%. The issues price is 101.564% of the principal amount of the New Notes under the Concurrent New Money Issue. All of the net proceeds of approximately US$146.2 million from the issuance of the New Notes have been used for repayment of the existing indebtedness of the Company, which is in line with the intended use of the proceeds as disclosed. The New Notes were listed and traded on the Hong Kong Stock Exchange from 24 June 2019. As at the date of this report, the Group did not redeem or cancel any of such New Notes.

After the settlement of exchange offer on 21 June 2019, the Existing Notes Issuer cancelled the Existing Notes of US$98,096,000. After such cancellation and up to the date of this report, the Existing Notes with the aggregate principal amount of US$401,904,000 remained outstanding.

3 Issue of senior guaranteed notes

As stated in the announcements of the Company dated 16 July, 17 July and 23 July 2019, on 16 July 2019, the Company together with Franshion Brilliant Limited (as the issuer) entered into a purchase agreement with Standard Chartered Bank, Goldman Sachs, HSBC, DBS Bank Ltd. and Mizuho Securities (as the initial purchasers) in respect of the subscription and sale of the senior guaranteed notes due 2029 with the aggregate principal amount of US$500,000,000. These notes bear an interest rate of 4.25% per annum and are guaranteed by the Company. The issuance of such notes was completed on 23 July 2019. The net proceeds from the issuance of these notes amounted to approximately US$496.7 million. As at the date of this report, all of the proceeds from these notes had been used for the refinancing of existing medium- to long-term offshore indebtedness due within one year, which is in line with the intended use of the proceeds as disclosed. These notes were listed and traded on the Hong Kong Stock Exchange from 24 July 2019. As at the date of this report, the Group did not redeem or cancel any of these notes.

4 Issue of domestic corporate bonds

As stated in the announcements of the Company dated 18 July, 23 August and 29 August 2019, Shanghai Jinmao Investment Management Group Co., Ltd. (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB2,000,000,000 to qualified investors on 28 August 2019. These bonds have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year, with a final coupon rate of 3.65%. All of the proceeds from the issuance of the corporate bonds have been used for repayment of the existing indebtedness of the Company, which is in line with the intended use of the proceeds as disclosed. As at the date of this report, the Group did not redeem or cancel any of such bonds.

5 Issue of subordinate guaranteed perpetual capital securities

On 21 November 2019, the Company together with Franshion Brilliant Limited (as the issuer) entered into a purchase agreement with Goldman Sachs (Asia) L.L.C. (as the initial purchaser) in respect of the subscription and sale of the US$400,000,000 subordinate guaranteed perpetual capital securities with an interest rate of 7.125% per annum. These securities are guaranteed by the Company and the issuance was completed on 6 December 2019. All of the net proceeds from the issuance of these securities amounting to approximately US$399.2 million had been used for the refinancing of the existing indebtedness of the Company, which is in line with the intended use of the proceeds. As at the date of this report, the Group did not redeem or cancel any of such securities.

6 Issue of the first batch of the first tranche of domestic unsecured medium-term notes

As stated in the announcements of the Company dated 6 December 2018, 9 March 2020 and 16 March 2020, Shanghai Jinmao Investment Management Group Co., Ltd. (as the issuer) completed the issue of the first batch of the first tranche of the medium-term notes with the principal amount of RMB2,500,000,000 to qualified investors on 13 March 2020. The notes are unsecured with a final coupon rate of 3.1%. The proceeds from the issuance of these notes will eventually be used to repay other medium-term notes issued by the Company at interbank bond market. As at the date of this report, the proceeds have not been used, and the Group did not redeem or cancel any of such notes.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A written resolution was entered into by the Independent Board Committee comprising all independent non-executive Directors of the Company on 23 March 2020 to review its decision made on 23 August 2019 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns only a minority and passive interest in it, and that the Company currently has a relatively high overall total debt position, and the funds of the Company should be mainly used for expanding the land reserve for development segments to accelerate the asset turnover ratio and the recovery of cash receivables. Recently, the Company has made significant progress in land reserve, and the projects acquired by the Company, including the projects in Taiyuan, Guiyang, Weihai etc., are all at a stage that requires capital investment. In addition, the city operations projects in Qingdao, Ningbo, Zhangjiagang and Fuzhou are large-scale development projects with long development cycles and huge demand for funds, and the injection and expansion of industrial resources require long-term commitment in operation and relentless effort. The Company considers that the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2019. The 2019 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2019 financial statements.

MATERIAL ACQUISITIONS AND OTHER DISCLOSEABLE TRANSACTIONS

During the Period under Review and up to the date of this report, the material acquisitions and other discloseable transactions entered into by the Company include the following:

1 The loan agreement entered into by Qingdao Jinmao with Hengxin Hechuang and the project companies

On 2 January 2020, Qingdao Jinmao Real Estate Co., Ltd. ("Qingdao Jinmao"), an indirect wholly-owned subsidiary of the Company, entered into the cooperative loan agreement with Qingdao Hengxin Hechuang Commercial Development Co., Ltd. ("Hengxin Hechuang") and three project companies (being wholly-owned subsidiaries of Hengxin Hechuang), pursuant to which Qingdao Jinmao agreed to provide the loan to the project companies in a total amount of no more than RMB3,687,913,816 at an interest rate of 10% per annum, for the purpose of facilitating the subsequent cooperation among the parties on the development of three land parcels located in Qingdao City, Shandong Province, the PRC.

As the highest applicable percentage ratio of the loan is more than 5% but less than 25%, the provision of the loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

2 Acquisition of equity interests in Wuhan Huazi

Please refer to the section headed "Connected Transactions" under the "Report of the Directors" in this report for details.

MATERIAL LITIGATION

For the year ended 31 December 2019, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the sections headed "Continuing Connected Transactions", "Connected Transactions", "Issuance of Notes" and "Material Acquisitions and Other Discloseable Transactions" under the "Report of the Directors" in this report, there were no material events of the Group after the Reporting Period.

AUDITOR

The financial reports of the Group have been audited by Ernst & Young, who has offered itself for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditor of the Company. The Company did not change its auditor in the past three years.

On Behalf of the Board
Chairman
NING Gaoning

Independent Auditor's Report

Ernst & Young
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To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 162 to 287, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revaluation of investment properties	
The Group adopted the fair value model for its investment properties in accordance with HKAS 40 *Investment Property*. Changes in fair values were recorded in profit or loss. The valuations on the investment properties of the Group as at 31 December 2019 were determined by management or independent appraisers engaged by management. Different valuation techniques were applied to these investment properties. As both the year-end balance of RMB31,260,683,000 and the changes in fair value of RMB454,695,000 were significant, and the valuation involved management judgement and estimates based on a projection of future rental income, growth rate, vacancy rate, discount rate and reversionary yield, we considered the revaluation of investment properties a key audit matter of our audit. Relevant disclosures are included in notes 3 and 17 to the consolidated financial statements.	We considered the competence, capabilities and objectivity of the external appraisers. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing lease contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and the discount rate, the growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and the fair value hierarchy.
Impairment of trade receivables	
As at 31 December 2019, the balance of trade receivables of the Group was RMB1,445,864,000, arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services. The Group recognises an impairment provision based on the expected credit loss ("ECL") approach under HKFRS 9 *Financial Instruments*. The measurement of ECL requires the application of significant judgement and estimate, such as the expected future cash flows and forward-looking factors specific to the debtors and the economic environment. Relevant disclosures are included in notes 3 and 23 to the consolidated financial statements.	Our audit procedures included the assessment of the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses. We also assessed the reasonableness of management's expected credit loss allowance by examining the information used by management to form such judgement and estimate, including checking the accuracy of the historical default information, and evaluating whether the historical loss rates were appropriately adjusted based on current economic conditions and forward-looking information. We also evaluated the reasonableness of the Group's provision for trade receivables by reference to the Group's subsequent collection of the trade receivables.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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 THE DIRECTORS 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 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
Hong Kong

25 March 2020

Consolidated Statement of Profit or Loss

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	5	**43,355,941**	38,732,667
Cost of sales		**(30,591,198)**	(24,194,452)
Gross profit		**12,764,743**	14,538,215
Other income and gains	5	**6,112,103**	2,722,393
Selling and marketing expenses		**(1,314,262)**	(1,051,610)
Administrative expenses		**(3,052,246)**	(2,417,509)
Other expenses and losses, net		**(6,916)**	(36,146)
Finance costs	7	**(2,269,058)**	(2,420,573)
Share of profits and losses of:			
Joint ventures		**722,390**	369,183
Associates		**(132,653)**	10,749
PROFIT BEFORE TAX	6	**12,824,101**	11,714,702
Income tax expense	10	**(4,194,983)**	(4,337,978)
PROFIT FOR THE YEAR		**8,629,118**	7,376,724
Attributable to:			
Owners of the parent		**6,452,210**	5,210,888
Non-controlling interests		**2,176,908**	2,165,836
		8,629,118	7,376,724
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12	**RMB cents**	RMB cents
Basic		**55.38**	45.28
Diluted		**55.13**	45.06

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
PROFIT FOR THE YEAR		**8,629,118**	7,376,724
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(967,072)**	(1,501,727)
Net gain on net investment hedges		**–**	3,083
Net gain/(loss) on cash flow hedges		**81,517**	(44,189)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		**(885,555)**	(1,542,833)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	13	**69,327**	17,295
Income tax effect	35	**(17,332)**	(4,324)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**51,995**	12,971
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(833,560)**	(1,529,862)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,795,558**	5,846,862
Attributable to:			
Owners of the parent		**5,686,345**	3,801,527
Non-controlling interests		**2,109,213**	2,045,335
		7,795,558	5,846,862

Consolidated Statement of Financial Position

31 December 2019

	Notes	31 December 2019 RMB'000	31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**10,910,924**	10,729,103
Properties under development	14	**64,845,385**	50,127,258
Land under development	15	**10,705,213**	9,571,548
Investment properties	17	**31,260,683**	29,205,862
Right-of-use assets	18(b)	**1,614,306**	–
Prepaid land lease payments	18(a)	**–**	1,458,246
Intangible assets	19	**50,023**	44,815
Investments in joint ventures	20	**11,511,385**	7,346,601
Investments in associates	21	**7,597,657**	6,698,667
Deferred tax assets	35	**2,708,346**	1,897,894
Due from non-controlling shareholders	29	**1,069,839**	3,625,331
Due from related parties	26	**8,257,752**	1,967,350
Other receivables and other assets	24	**359,599**	300,000
Long-term time deposit	28	**3,300,000**	–
Other financial assets	27	**325,274**	1,239,281
Total non-current assets		**154,516,386**	124,211,956
CURRENT ASSETS			
Properties under development	14	**61,278,865**	48,471,834
Properties held for sale	16	**11,783,581**	8,991,061
Land under development	15	**1,990,602**	3,099,645
Inventories	22	**174,174**	120,197
Trade receivables	23	**1,445,864**	789,588
Contract assets	25	**267,009**	154,500
Prepayments, other receivables and other assets	24	**30,203,006**	20,020,799
Due from related parties	26	**35,756,220**	37,007,227
Prepaid tax		**4,050,432**	2,986,611
Other financial assets	27	**1,077**	2,199
Derivative financial instruments	32	**–**	847
Restricted bank balances	28	**7,486,609**	4,457,579
Cash and cash equivalents	28	**17,194,702**	21,324,200
Total current assets		**171,632,141**	147,426,287
CURRENT LIABILITIES			
Trade and bills payables	30	**18,995,534**	11,692,844
Other payables and accruals	31	**82,490,230**	68,158,124
Interest-bearing bank and other borrowings	33	**26,662,885**	21,976,235
Lease liabilities	18(c)	**75,244**	–
Due to related parties	26	**30,675,182**	15,885,404
Tax payable		**2,574,720**	1,697,365
Derivative financial instruments	32	**18,133**	–
Provision for land appreciation tax	34	**3,290,135**	2,680,888
Total current liabilities		**164,782,063**	122,090,860
NET CURRENT ASSETS		**6,850,078**	25,335,427
TOTAL ASSETS LESS CURRENT LIABILITIES		**161,366,464**	149,547,383

	Notes	31 December 2019 RMB'000	31 December 2018 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**69,373,251**	65,996,423
Long-term payables		**70,000**	–
Lease liabilities	18(c)	**120,365**	–
Derivative financial instruments	32	**34,991**	44,769
Deferred tax liabilities	35	**5,909,676**	5,240,924
Total non-current liabilities		**75,508,283**	71,282,116
Net assets		**85,858,181**	78,265,267
EQUITY			
Equity attributable to owners of the parent			
Share capital	37	**21,250,860**	20,416,452
Other reserves		**18,121,327**	15,379,784
		39,372,187	35,796,236
Non-controlling interests		**46,485,994**	42,469,031
Total equity		**85,858,181**	78,265,267

Li Congrui
Director

Jiang Nan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Notes	Share capital RMB'000 (note 37)	Capital reserve RMB'000 (note 39)	Asset revaluation reserve RMB'000 (note 39)	PRC statutory surplus reserve RMB'000 (note 39)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 39)	Share option reserve RMB'000 (note 39)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent										
At 1 January 2018		17,702,376	(1,995,790)	121,556	2,929,521	(781,425)	(79,713)	35,320	14,977,257	32,909,102	33,623,240	66,532,342
Profit for the year		–	–	–	–	–	–	–	5,210,888	5,210,888	2,165,836	7,376,724
Other comprehensive (loss)/income for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	(1,381,226)	–	–	–	(1,381,226)	(120,501)	(1,501,727)
Net gain on hedges of net investments		–	–	–	–	–	3,083	–	–	3,083	–	3,083
Net loss on cash flow hedges		–	–	–	–	–	(44,189)	–	–	(44,189)	–	(44,189)
Net gains on property revaluation		–	–	12,971	–	–	–	–	–	12,971	–	12,971
Total comprehensive income for the year		–	–	12,971	–	(1,381,226)	(41,106)	–	5,210,888	3,801,527	2,045,335	5,846,862
Repurchase of shares		–	–	–	–	–	–	–	(88,011)	(88,011)	–	(88,011)
Issue of new shares		2,701,809	–	–	–	–	–	–	–	2,701,809	–	2,701,809
Issue of perpetual securities	36	–	–	–	–	–	–	–	–	–	4,047,516	4,047,516
Perpetual securities' distributions		–	–	–	–	–	–	–	–	–	(803,081)	(803,081)
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	1,419,382	1,419,382
Final 2017 dividend declared		–	–	–	–	–	–	–	(1,700,592)	(1,700,592)	–	(1,700,592)
2018 interim dividend declared	11	–	–	–	–	–	–	–	(1,201,481)	(1,201,481)	–	(1,201,481)
Acquisition of non-controlling interests		–	(693,337)	–	–	–	–	–	–	(693,337)	(3,187,074)	(3,880,411)
Capital contribution from non-controlling shareholders		–	35,221	–	–	–	–	–	–	35,221	6,264,982	6,300,203
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(941,269)	(941,269)
Equity-settled share option arrangements	38	–	–	–	–	–	–	21,911	–	21,911	–	21,911
Exercise of share options		12,267	–	–	–	–	–	(2,180)	–	10,087	–	10,087
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	–	(3,364)	3,364	–	–	–
Transfer from retained profits		–	–	–	589,531	–	–	–	(589,531)	–	–	–
At 31 December 2018		20,416,452	(2,653,906)	134,527	3,519,052	(2,162,651)	(120,819)	51,687	16,611,894	35,796,236	42,469,031	78,265,267

		Attributable to owners of the parent										
	Notes	Share capital RMB'000 (note 37)	Capital reserve RMB'000 (note 39)	Asset revaluation reserve RMB'000 (note 39)	PRC statutory surplus reserve RMB'000 (note 39)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 39)	Share option reserve RMB'000 (note 39)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019		20,416,452	(2,653,906)	134,527	3,519,052	(2,162,651)	(120,819)	51,687	16,611,894	35,796,236	42,469,031	78,265,267
Profit for the year		-	-	-	-	-	-	-	6,452,210	6,452,210	2,176,908	8,629,118
Other comprehensive (loss)/income for the year:												
Exchange differences on translation of foreign operations		-	-	-	-	(899,377)	-	-	-	(899,377)	(67,695)	(967,072)
Net gain on cash flow hedges		-	-	-	-	-	81,517	-	-	81,517	-	81,517
Net gains on property revaluation		-	-	51,995	-	-	-	-	-	51,995	-	51,995
Total comprehensive income for the year		-	-	51,995	-	(899,377)	81,517	-	6,452,210	5,686,345	2,109,213	7,795,558
Issue of new shares	37	724,385	-	-	-	-	-	-	-	724,385	-	724,385
Issue of perpetual securities	36	-	-	-	-	-	-	-	-	-	2,809,980	2,809,980
Redemption of perpetual securities	36	-	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Perpetual securities' distributions		-	-	-	-	-	-	-	-	-	(1,002,256)	(1,002,256)
Acquisition of subsidiaries	41	-	-	-	-	-	-	-	-	-	793,305	793,305
Disposal of subsidiaries	42	-	-	-	-	-	-	-	-	-	(799,612)	(799,612)
De-registration of a subsidiary		-	-	-	-	-	-	-	-	-	(23,266)	(23,266)
Final 2018 dividend declared	11	-	-	-	-	-	-	-	(1,018,798)	(1,018,798)	-	(1,018,798)
2019 interim dividend declared	11	-	-	-	-	-	-	-	(1,273,730)	(1,273,730)	-	(1,273,730)
Acquisition of non-controlling interests		-	(728,574)	-	-	-	-	-	-	(728,574)	(3,319,940)	(4,048,514)
Capital contribution from non-controlling shareholders		-	12,513	-	-	-	-	-	-	12,513	6,381,155	6,393,668
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(931,616)	(931,616)
Equity-settled share option arrangements	38	-	-	-	-	-	-	84,016	-	84,016	-	84,016
Exercise of share options	37	110,023	-	-	-	-	-	(20,229)	-	89,794	-	89,794
Transfer of share option reserve upon the forfeiture of share options		-	-	-	-	-	-	(2,545)	2,545	-	-	-
Transfer from retained profits		-	-	-	832,176	-	-	-	(832,176)	-	-	-
At 31 December 2019		21,250,860	(3,369,967)*	186,522*	4,351,228*	(3,062,028)*	(39,302)*	112,929*	19,941,945*	39,372,187	46,485,994	85,858,181

* These reserve accounts comprise the consolidated other reserves of RMB18,121,327,000 (2018: RMB15,379,784,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**12,824,101**	11,714,702
Adjustments for:			
Finance costs	7	**2,269,058**	2,420,573
Share of profits and losses of joint ventures and associates		**(589,737)**	(379,932)
Interest income	5	**(2,518,331)**	(1,626,025)
Other investment income	5	**(207,017)**	(130,135)
Loss on disposal of items of property, plant and equipment	6	**49**	1,213
Provision of impairment of trade receivables	6,23	**6,542**	3,701
Impairment of other receivables	6	**–**	1,322
Impairment of intangible assets	6,19	**–**	36
Fair value gains on investment properties	5,17	**(454,695)**	(189,380)
Fair value gains on transfers from properties held for sale to investment properties	5	**(356,045)**	(43,977)
Depreciation	6,13	**408,903**	369,426
Depreciation of right-of-use assets/recognition of prepaid land lease payments	6,18	**139,829**	54,270
Amortisation of intangible assets	6,19	**13,407**	10,755
Net gain on cash flow hedges	6	**(1,441)**	(955)
Net loss on net investment hedges	6	**–**	25,489
Gain on disposal of subsidiaries	5,42	**(1,018,026)**	(72,240)
Fair value gains on the equity interest previously held as investments in joint ventures or associates	5,41	**(346,240)**	(101,775)
Gain on bargain purchase	5,41	**(401,970)**	(74,992)
Equity-settled share option expense	6,38	**84,016**	21,911
		9,852,403	12,003,987
Increase in properties under development		**(42,049,365)**	(42,451,606)
Decrease in properties held for sale		**27,897,492**	17,306,989
Decrease in land under development		**214,031**	3,593,627
Increase in inventories		**(53,977)**	(42,360)
(Increase)/decrease in trade receivables		**(662,818)**	157,144
Increase in contract assets		**(112,509)**	(154,500)
(Increase)/decrease in prepayments, other receivables and other assets		**(7,802,689)**	3,654,996
Decrease/(increase) in amounts due from related parties		**6,005,321**	(5,087,003)
Increase in trade and bills payables		**7,462,607**	2,639,920
Increase in other payables and accruals		**6,705,242**	7,098,918
Increase in amounts due to related parties		**14,789,778**	8,727,578
Effect of exchange rate changes, net		**(288,278)**	(8,485)
Cash generated from operations		**21,957,238**	7,439,205
Interest received		**2,166,326**	845,734
PRC corporate income tax paid		**(2,278,165)**	(3,623,767)
Land appreciation tax paid		**(1,746,209)**	(2,649,312)
Net cash flows from operating activities		**20,099,190**	2,011,860

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		**207,017**	130,135
Purchases of items of property, plant and equipment		**(391,164)**	(423,008)
Proceeds from disposal of items of property, plant and equipment		**32,818**	6,362
Proceeds from disposal of intangible assets		**671**	10
Additions to investment properties	17	**(690,726)**	(1,134,558)
Additions to prepaid land lease payments		**–**	(8,315)
Additions to intangible assets	19	**(18,743)**	(24,522)
Decrease in other financial assets		**915,129**	4,986,240
Disposal of subsidiaries	42	**(108,904)**	(2,186,191)
Acquisition of subsidiaries	41	**208,546**	(26,095)
Dividends received from a joint venture		**820,000**	–
Investments in joint ventures		**(3,881,786)**	(4,894,897)
Investments in associates		**(1,593,775)**	(2,758,784)
Disposal of investment in an associate		**530,153**	–
Increase in loans to joint ventures and associates		**(7,911,294)**	(8,343,348)
(Increase)/decrease in loans to non-controlling shareholders		**(952,962)**	1,336,097
Increase in entrustment loans to a substantial shareholder		**(1,435,928)**	–
Decrease in entrustment loans to third parties		**1,389,728**	1,211,722
Advance of investment to third parties		**(440,591)**	(6,672,675)
Increase in long-term time deposits		**(3,300,000)**	–
Increase in restricted bank deposits		**(3,023,325)**	(765,236)
Settlement of derivative financial instruments – hedges of a net investment		**–**	(21,592)
Net cash flows used in investing activities		**(19,645,136)**	(19,588,655)

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares, net of issue expenses		**724,385**	2,701,809
Issue of perpetual securities, net of issue expenses		**2,809,980**	4,047,516
Repurchase of shares		**–**	(88,011)
New bank and other borrowings		**66,654,898**	72,153,832
Repayment of bank and other borrowings		**(61,481,355)**	(54,591,241)
Increase in long-term payables		**70,000**	–
Interest paid		**(6,397,572)**	(4,733,335)
Advance of investment from third parties		**4,100,367**	1,659,463
Principal portion of lease payments		**(78,394)**	–
Dividends paid		**(2,292,528)**	(2,902,073)
Dividends paid to non-controlling shareholders		**(966,350)**	(776,675)
Loans from non-controlling shareholders		**560,102**	1,605,025
Repayment of loans from non-controlling shareholders		**(7,726,819)**	(1,266,892)
Acquisition of non-controlling interests		**(4,048,514)**	(3,880,411)
Capital contribution from non-controlling shareholders		**6,393,668**	6,300,203
Proceeds from exercise of share options		**89,794**	10,087
Perpetual securities' distribution paid		**(1,002,256)**	(803,081)
Redemption of perpetual securities		**(2,000,000)**	–
Net cash flows (used in)/from financing activities		**(4,590,594)**	19,436,216
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,136,540)**	1,859,421
Cash and cash equivalents at beginning of year		**21,324,200**	19,406,553
Effect of foreign exchange rate changes, net		**7,042**	58,226
CASH AND CASH EQUIVALENTS AT END OF YEAR		**17,194,702**	21,324,200
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	**17,056,997**	21,175,637
Non-pledged time deposits with original maturity of within three months when acquired		**109,105**	105,336
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		**28,600**	43,227
Cash and cash equivalents as stated in the statement of financial position	28	**17,194,702**	21,324,200

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city operations and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group Co., Ltd., a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai International Shipping Service Center Co., Ltd.*	The PRC/Mainland China	RMB3,150,000,000	50%	50%	Property development
Sinochem Franshion Property (Beijing) Co., Ltd.***	The PRC/Mainland China	US$635,000,000	100%	–	Property development
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/Mainland China	RMB2,884,540,000	–	73%@	Property development
Jinmao Hangzhou Property Development Co., Ltd. ("Jinmao Hangzhou")*	The PRC/Mainland China	RMB3,200,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/Mainland China	RMB2,400,000,000	–	80%	Land development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Chemsunny Property Co., Ltd.***	The PRC/Mainland China	US$102,400,000	50%	50%	Property investment
Jinmao (China) Hotel Investments and Management Limited ("JCHIML")^	Cayman Islands/Hong Kong	HK$2,000,000	66.77%	–	Investment holding
Wangfujing Hotel Management Co., Ltd.***	The PRC/Mainland China	US$73,345,000	–	66.77%	Hotel operation
China Jin Mao Group Co., Ltd.***	The PRC/Mainland China	RMB2,635,000,000	–	66.77%	Hotel operation and property investment
Jin Mao (Beijing) Real Estate Co., Ltd.**	The PRC/Mainland China	RMB1,600,000,000	–	66.77%	Hotel operation
Jin Mao Sanya Resort Hotel Co., Ltd.**	The PRC/Mainland China	RMB300,000,000	–	66.77%	Hotel operation
Jin Mao Sanya Tourism Co., Ltd.**	The PRC/Mainland China	RMB500,000,000	–	66.77%	Hotel operation
Jin Mao Shenzhen Hotel Investment Co., Ltd.**	The PRC/Mainland China	RMB700,000,000	–	66.77%	Hotel operation
Jin Mao (Li Jiang) Hotel Investment Co., Ltd.**	The PRC/Mainland China	RMB100,000,000	–	66.77%	Hotel operation
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/Mainland China	US$600,000,000	–	100%	Property development
Jin Mao Investment (Changsha) Co., Ltd.**	The PRC/Mainland China	RMB3,750,000,000	–	80%	Land development
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Franshion Properties (Suzhou) Limited***	The PRC/Mainland China	US$395,000,000	–	100%	Property development
Guangzhou Xingtuo Properties Limited*	The PRC/Mainland China	RMB260,000,000	–	90%	Property development
Changsha Jinmao City Construction Limited**	The PRC/Mainland China	RMB2,962,500,000	–	100%	Land development
Shanghai Jin Mao Economic Development Company Ltd.**	The PRC/Mainland China	RMB30,000,000	–	100%	Property development
Jinmao Assets Management Limited Partnership	Cayman Islands/Hong Kong	RMB11,811,608,710	95%	5%	Property investment
Suzhou Anmao Property Co., Ltd. ("Suzhou Anmao")**	The PRC/Mainland China	RMB4,500,000,000	–	26.5%$	Property development
Ningbo Xingmao Property Development Co., Ltd.***	The PRC/Mainland China	US$200,000,000	–	100%	Property development
Shanghai Franshion Development Co., Ltd.**	The PRC/Mainland China	RMB7,000,000,000	–	90%	Property development
Nanjing Runmao Property Development Co., Ltd. ("Nanjing Runmao")**	The PRC/Mainland China	RMB3,000,000,000	–	27.5%#	Property development
Beijing Franshion Tuoying Property Development Co., Ltd.**	The PRC/Mainland China	RMB10,000,000	–	100%	Property development
Foshan Maoxing Property Development Co., Ltd.**	The PRC/Mainland China	RMB820,000,000	–	65%	Property development
Beijing Jinfeng Property Development Co., Ltd.**	The PRC/Mainland China	RMB11,112,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

*	Registered as Sino-foreign joint ventures under PRC law.
**	Registered as limited liability companies under PRC law.
***	Registered as wholly-foreign-owned entities under PRC law.
^	Ordinary shares of JCHIML are stapled to units of a trust namely Jinmao Hotel and are listed on the Main Board of the Stock Exchange of Hong Kong Limited. JCHIML and its subsidiaries are collectively referred to as the JCHIML Group.
@	This entity is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.
#	The Group is entitled to 57.5% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.
$	The Group is entitled to 52% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and other financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of reference to the underlying asset. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts mainly for properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impact on transition **(Continued)**

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) RMB'000
Assets	
Increase in right-of-use assets	**1,618,962**
Decrease in prepaid land lease payments	**(1,458,246)**
Decrease in prepayments, other receivables and other assets	**(64,712)**
Increase in deferred tax assets	**24,001**
Increase in total assets	**120,005**
Liabilities	
Increase in lease liabilities	**96,004**
Increase in deferred tax liabilities	**24,001**
Increase in total liabilities	**120,005**

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	101,073
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments as at 1 January 2019	98,391
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(2,387)
Lease liabilities as at 1 January 2019	96,004

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group’s financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations (Continued)

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and certain financial assets at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, land under development, properties held for sale, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 9.5%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (2018: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 70 years
Office properties and staff quarters	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee **(Continued)**

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessor **(Continued)**

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Leases (applicable before 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host: a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative: and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

***General approach* (Continued)**

Stage 1 - Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 - Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 - Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, interest-bearing bank and other borrowings, lease liabilities, long-term payables, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement **(Continued)**

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

***Current versus non-current classification* (Continued)**

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(a) *Sale of completed properties*

Revenue from the sale of completed properties is recognised at the point in time when control of the asset is transferred to the customer, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has obtained the right to payment and the collection of the consideration is probable;

(b) *Land development*

Revenue from land development is recognised at the point in time when control of the asset is transferred to the customers, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

***Revenue from contracts with customers* (Continued)**

(c) *Hotel operations*

Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group;

(d) *Property management services*

Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group;

(e) *Design and decoration services*

Revenue from the provision of design and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the design and decoration services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract costs

Other than the costs which are capitalised as properties under development, land under development, inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

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

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 38 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 4.75% has been applied to the expenditure on the group level.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and subsidiaries operating outside Mainland China are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arises throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

***Provision for expected credit losses on trade receivables and contract assets* (Continued)**

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 23 and note 25 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2019 was RMB31,260,683,000 (2018: RMB29,205,862,000). Further details, including the key assumptions used for the fair value measurement, are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. The carrying amount of properties under development at 31 December 2019 was RMB126,124,250,000 (2018: RMB98,599,092,000). Further details are given in note 14 to the financial statements.

Measurement of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Costs of land under development during the construction stage, before the final settlement of the development costs and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2019 was RMB12,695,815,000 (2018: RMB12,671,193,000). Further details are given in note 15 to the financial statements.

Estimation of net realisable value for properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale at 31 December 2019 were RMB11,783,581,000 (2018: RMB8,991,061,000). Further details are given in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2019 was RMB710,968,000 (2018: RMB360,907,000). The amount of unrecognised tax losses at 31 December 2019 was RMB3,091,488,000 (2018: RMB3,414,677,000). Further details are contained in note 35 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2019 was RMB2,574,720,000 (2018: RMB1,697,365,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2019 was RMB3,290,135,000 (2018: RMB2,680,888,000). Further details are given in note 34 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the city operations and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income, non-lease-related finance costs and head office and corporate expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, deferred tax assets, prepaid tax, restricted bank balances, cash and cash equivalents, certain financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2019	City operations and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue: (Note 5)					
Sales to external customers	37,721,403	1,446,776	1,967,118	2,220,644	43,355,941
Intersegment sales	152,628	88,848	–	801,947	1,043,423
	37,874,031	1,535,624	1,967,118	3,022,591	44,399,364
Reconciliation:					
Elimination of intersegment sales					(1,043,423)
Total revenue					43,355,941
Segment results	11,196,591	1,371,902	228,749	279,108	13,076,350
Reconciliation:					
Elimination of intersegment results					(523,763)
Interest income					2,518,331
Other investment income					207,017
Corporate and other unallocated expenses					(192,206)
Finance costs (other than interest on lease liabilities)					(2,261,628)
Profit before tax					12,824,101
Segment assets	312,652,705	47,245,064	12,759,946	5,775,204	378,432,919
Reconciliation:					
Elimination of intersegment assets					(148,060,146)
Corporate and other unallocated assets					95,775,754
Total assets					326,148,527
Segment liabilities	210,438,527	18,101,539	7,139,122	4,356,898	240,036,086
Reconciliation:					
Elimination of intersegment liabilities					(140,927,546)
Corporate and other unallocated liabilities					141,181,806
Total liabilities					240,290,346
Other segment information:					
Share of profits of joint ventures	721,561	–	–	829	722,390
Share of profits of associates	(132,653)	–	–	–	(132,653)
Depreciation and amortisation	109,163	40,881	372,878	39,217	562,139
Loss/(gain) on disposal of items of property, plant and equipment	173	(6,267)	6,053	90	49
Impairment losses recognised in the statement of profit or loss, net	–	3,222	252	3,068	6,542
Fair value gains on investment properties	–	454,695	–	–	454,695
Fair value gains on transfer from properties held for sale to investment properties	–	356,045	–	–	356,045
Investments in associates	11,480,429	–	–	30,956	11,511,385
Investments in joint ventures	7,597,657	–	–	–	7,597,657
Capital expenditure*	212,967	706,185	198,436	135,145	1,252,733

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, and investment properties including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2018	City operations and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue: (Note 5)					
Sales to external customers	33,734,165	1,449,822	2,047,913	1,500,767	38,732,667
Intersegment sales	105,379	15,350	–	602,142	722,871
	33,839,544	1,465,172	2,047,913	2,102,909	39,455,538
Reconciliation:					
Elimination of intersegment sales					(722,871)
Total revenue					38,732,667
Segment results	11,356,837	940,796	228,898	121,621	12,648,152
Reconciliation:					
Elimination of intersegment results					(395,838)
Interest income					1,626,025
Other investment income					130,135
Corporate and other unallocated expenses					126,801
Finance costs					(2,420,573)
Profit before tax					11,714,702
Segment assets	214,973,870	35,145,641	12,802,867	2,665,327	265,587,705
Reconciliation:					
Elimination of intersegment assets					(105,150,339)
Corporate and other unallocated assets					111,200,877
Total assets					271,638,243
Segment liabilities	133,020,296	5,886,094	7,113,694	1,385,329	147,405,413
Reconciliation:					
Elimination of intersegment liabilities					(97,360,213)
Corporate and other unallocated liabilities					143,327,776
Total liabilities					193,372,976
Other segment information:					
Share of profits of joint ventures	366,757	–	–	2,426	369,183
Share of profits of associates	10,749	–	–	–	10,749
Depreciation and amortisation	28,387	35,874	299,233	16,687	380,181
Recognition of prepaid land lease payments	–	–	54,112	158	54,270
(Gain)/loss on disposal of items of property, plant and equipment	(91)	426	799	79	1,213
Impairment losses recognised in the statement of profit or loss	36	(373)	641	4,755	5,059
Fair value gains on investment properties	–	189,380	–	–	189,380
Fair value gains on transfer from properties held for sale to investment properties	–	43,977	–	–	43,977
Investments in associates	6,698,667	–	–	–	6,698,667
Investments in joint ventures	7,313,800	–	–	32,801	7,346,601
Capital expenditure	213,038	1,170,810	115,096	12,714	1,511,658

Information about major customers

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue (2018: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers	**41,909,165**	37,282,845
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**6,959**	N/A
Other lease payments, including fixed payments	**1,439,817**	N/A
	1,446,776	1,449,822
	43,355,941	38,732,667

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

For the year ended 31 December 2019

Segments	City operations and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Type of goods or services				
Sale of completed properties	**33,430,413**	**–**	**–**	**33,430,413**
Land development	**4,290,990**	**–**	**–**	**4,290,990**
Hotel operations	**–**	**1,967,118**	**–**	**1,967,118**
Others	**–**	**–**	**2,220,644**	**2,220,644**
Total revenue from contracts with customers	**37,721,403**	**1,967,118**	**2,220,644**	**41,909,165**
Timing of revenue recognition				
Goods transferred at a point of time	**37,721,403**	**–**	**–**	**37,721,403**
Services transferred over time	**–**	**1,967,118**	**2,220,644**	**4,187,762**
Total revenue from contracts with customers	**37,721,403**	**1,967,118**	**2,220,644**	**41,909,165**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) ***Disaggregated revenue information*** **(Continued)**

For the year ended 31 December 2018

Segments	City operations and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Type of goods or services				
Sale of completed properties	25,592,335	–	–	25,592,335
Land development	8,141,830	–	–	8,141,830
Hotel operations	–	2,047,913	–	2,047,913
Others	–	–	1,500,767	1,500,767
Total revenue from contracts with customers	33,734,165	2,047,913	1,500,767	37,282,845
Timing of revenue recognition				
Goods transferred at a point of time	33,734,165	–	–	33,734,165
Services transferred over time	–	2,047,913	1,500,767	3,548,680
Total revenue from contracts with customers	33,734,165	2,047,913	1,500,767	37,282,845

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2019

Segments	City operations and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	**37,721,403**	**1,967,118**	**2,220,644**	**41,909,165**
Intersegment sales	**152,628**	**–**	**801,947**	**954,575**
	37,874,031	**1,967,118**	**3,022,591**	**42,863,740**
Intersegment adjustments and eliminations	**(152,628)**	**–**	**(801,947)**	**(954,575)**
Total revenue from contracts with customers	**37,721,403**	**1,967,118**	**2,220,644**	**41,909,165**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) *Disaggregated revenue information* (Continued)

For the year ended 31 December 2018

Segments	City operations and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	33,734,165	2,047,913	1,500,767	37,282,845
Intersegment sales	105,379	–	602,142	707,521
	33,839,544	2,047,913	2,102,909	37,990,366
Intersegment adjustments and eliminations	(105,379)	–	(602,142)	(707,521)
Total revenue from contracts with customers	33,734,165	2,047,913	1,500,767	37,282,845

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019 RMB'000	2018 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**21,302,227**	13,466,027
Land development	**–**	2,041,495
Hotel operations	**81,883**	90,642
Others	**8,251**	26,209
	21,392,361	15,624,373

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of completed properties

The performance obligation is satisfied upon delivery of the completed properties.

Land development

The performance obligation is satisfied when the land development is completed.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) ***Performance obligations*** **(Continued)**

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

Design and decoration services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

	Notes	2019 RMB'000	2018 RMB'000
Other income			
Interest income		**2,518,331**	1,626,025
Other investment income		**207,017**	130,135
Government grants*		**58,050**	58,984
Default penalty income		**22,298**	7,340
		2,805,696	1,822,484
Gains			
Fair value gains on investment properties	17	**454,695**	189,380
Fair value gains on transfers from properties held for sale to investment properties		**356,045**	43,977
Gain on bargain purchase	41	**401,970**	74,992
Gain on disposal of subsidiaries	42	**1,018,026**	72,240
Fair value gains on the equity interest previously held as investments in joint ventures or associates		**346,240**	101,775
Foreign exchange gain, net	6	**50,780**	114,003
Gain on disposal of investments in joint ventures and associates		**322,454**	–
Others		**356,197**	303,542
		3,306,407	899,909
		6,112,103	2,722,393

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2019 RMB'000	2018 RMB'000
Cost of properties sold		**25,140,050**	17,619,523
Cost of land development		**2,477,754**	4,085,552
Cost of services provided		**2,973,394**	2,489,377
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**216,152**	194,494
Depreciation of property, plant and equipment	13	**408,903**	369,426
Depreciation of right-of-use assets (2018: recognition of prepaid land lease payments)	18(a), 18(b)	**139,829**	54,270
Amortisation of intangible assets	19	**13,407**	10,755
Minimum lease payments under operating leases		**–**	76,751
Lease payments not included in the measurement of lease liabilities	18(d)	**14,187**	–
Auditor's remuneration		**7,038**	6,004
Employee benefit expense (including directors' and chief executive's remuneration (note (8)):			
Wages and salaries		**2,159,835**	1,603,425
Equity-settled share option expense	38	**84,016**	21,911
Pension scheme contributions (defined contribution schemes)		**166,488**	152,968
Less: Amount capitalised		**(42,157)**	(26,679)
Net pension scheme contributions*		**124,331**	126,289
		2,368,182	1,751,625
Foreign exchange differences, net	5	**(50,780)**	(114,003)
Loss on disposal of items of property, plant and equipment**		**49**	1,213
Provision of impairment of trade receivables**	23	**6,542**	3,701
Impairment of financial assets included in prepayments, other receivables and other assets**		**–**	1,322
Ineffectiveness and hedging cost of cash flow hedges		**(1,441)**	(955)
Ineffectiveness and hedging cost of net investment hedges		**–**	25,489
Gain on bargain purchase***	41	**(401,970)**	(74,992)
Impairment of intangible assets	19	**–**	36

* At 31 December 2019, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2018: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

*** Gain on bargain purchase is included in "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 RMB'000	2018 RMB'000
Interest on bank and other loans, notes and bonds	**6,325,733**	5,217,824
Interest on an amount due to fellow subsidiaries (note 46(a))	**116,745**	38,619
Interest on an amount due to the immediate holding company (note 46(a))	**278,928**	121,115
Interest on an amount due to an intermediate holding company (note 46(a))	**91,927**	–
Interest on an amount due to associates (note 46(a))	**5,745**	11
Interest on an amount due to joint ventures (note 46(a))	**48,461**	–
Interest on an amount due to the substantial shareholder (note 46(a))	**46,487**	–
Interest on lease liabilities (note 18(c))	**7,430**	–
Total interest expense	**6,921,456**	5,377,569
Less: Interest capitalised	**(4,652,398)**	(2,956,996)
	2,269,058	2,420,573

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Fees	**1,215**	1,167
Other emoluments:		
Salaries, allowances and benefits in kind	**9,622**	9,377
Bonuses*	**28,438**	23,475
Equity-settled share option expense	**3,024**	747
Pension scheme contributions	**1,401**	1,260
	42,485	34,859
	43,700	36,026

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 38 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Mr. Lau Hon Chuen, Ambrose, Mr. Su Xijia, and Mr. Gao Shibin are independent non-executive directors of the Company, and the fees paid to them during the year were RMB405,000 (2018: RMB389,000), RMB405,000 (2018: RMB389,000), and RMB405,000 (2018: RMB389,000), respectively.

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

(b) Executive directors, non-executive directors and the chief executive

Executive directors

i. Mr. Li Congrui is the chief executive officer of the Company. The remuneration paid to him during the year included fees of RMB0 (2018: Nil), salaries, allowances and benefits in kind of RMB3,339,000 (2018: RMB3,163,000), performance related bonuses of RMB5,833,000 (2018: RMB5,139,000), special bonuses of RMB7,701,000 (2018: RMB6,344,000), equity-settled share option expense of RMB1,008,000 (2018: RMB249,000), and pension scheme contributions of RMB523,000 (2018: RMB493,000).

ii. Mr. Jiang Nan is the chief financial officer of the Company. The remuneration paid to him during the year included fees of RMB0 (2018: Nil), salaries, allowances and benefits in kind of RMB3,336,000 (2018: RMB3,121,000), performance related bonuses of RMB4,258,000 (2018: RMB3,726,000), special bonuses of RMB2,695,000 (2018: RMB2,115,000), equity-settled share option expense of RMB1,008,000 (2018: RMB249,000), and pension scheme contributions of RMB437,000 (2018: RMB422,000).

iii. Mr. Song Liuyi is the executive director of the Company. The remuneration paid to him during the year included fees of RMB0 (2018: Nil), salaries, allowances and benefits in kind of RMB2,947,000 (2018: RMB3,093,000), performance related bonuses of RMB5,063,000 (2018: RMB4,036,000), special bonuses of RMB2,888,000 (2018: RMB2,115,000), equity-settled share option expense of RMB1,008,000 (2018: RMB249,000), and pension scheme contributions of RMB441,000 (2018: RMB345,000).

Non-executive directors

i. Mr. Ning Gaoning is the chairman and non-executive director of the Company. There was no remuneration paid to him during the year (2018: Nil).

ii. Mr. Yang Lin and Mr. An Hongjun are non-executive directors of the Company. There were no remuneration paid to them during the year (2018: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2018: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive (2018: three directors including the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**14,132**	14,457
Bonuses	**39,637**	33,116
Equity-settled share option expense	**5,040**	1,246
Pension scheme contributions	**2,760**	1,872
	61,569	50,691

The number of five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
HK$8,500,001 to HK$9,000,000	**–**	1
HK$9,500,001 to HK$10,000,000	**1**	1
HK$11,000,001 to HK$11,500,000	**–**	1
HK$11,500,001 to HK$12,000,000	**1**	1
HK$13,000,001 to HK$13,500,000	**1**	–
HK$14,000,001 to HK$14,500,000	**1**	–
HK$18,000,001 to HK$18,500,000	**–**	1
HK$20,500,001 to HK$21,000,000	**1**	–
	5	5

In prior years, share options were granted to three non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 38 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

	Notes	2019 RMB'000	2018 RMB'000
Current			
PRC corporate income tax			
Charge for the year		**2,790,958**	3,184,808
(Overprovision)/underprovision in prior years		**(4,225)**	824
PRC land appreciation tax	34	**1,855,576**	1,467,896
		4,642,309	4,653,528
Deferred	35	**(447,326)**	(315,550)
Total tax charge for the year		**4,194,983**	4,337,978

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2018: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge for the year at the effective tax rates is as follows:

10. INCOME TAX (Continued)

2019

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax	**324,989**	**12,499,112**	**12,824,101**
Tax at the statutory income tax rate	**53,623**	**3,124,778**	**3,178,401**
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	**45,179**	**–**	**45,179**
Adjustment in respect of current tax of previous periods	**–**	**(4,225)**	**(4,225)**
Profits and losses attributable to joint ventures and associates	**–**	**(147,434)**	**(147,434)**
Income not subject to tax	**(82,638)**	**(337,989)**	**(420,627)**
Expenses not deductible for tax	**29,015**	**260,623**	**289,638**
Tax losses utilised from previous periods	**–**	**(334,253)**	**(334,253)**
Tax losses not recognised	**–**	**196,622**	**196,622**
LAT (note 34)	**–**	**1,855,576**	**1,855,576**
Tax effect of LAT	**–**	**(463,894)**	**(463,894)**
Tax charge for the year	**45,179**	**4,149,804**	**4,194,983**

2018

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
(Loss)/profit before tax	(1,350,177)	13,064,879	11,714,702
Tax at the statutory income tax rate	(222,779)	3,266,220	3,043,441
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	39,027	–	39,027
Adjustment in respect of current tax of previous periods	–	824	824
Profits and losses attributable to joint ventures and associates	–	(94,983)	(94,983)
Income not subject to tax	(7,307)	(93,689)	(100,996)
Expenses not deductible for tax	230,086	70,913	300,999
Tax losses utilised from previous periods	–	(120,644)	(120,644)
Tax losses not recognised	–	169,388	169,388
LAT (note 34)	–	1,467,896	1,467,896
Tax effect of LAT	–	(366,974)	(366,974)
Tax charge for the year	39,027	4,298,951	4,337,978

The share of tax attributable to joint ventures and associates amounting to RMB247,615,000 (2018: share of tax credit of RMB162,475,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2019 RMB'000	2018 RMB'000
Interim – HK12.0 cents (2018 special interim dividend: HK12.0 cents) per ordinary share	**1,273,730**	1,201,481
Proposed final – HK11.0 cents (2018: HK10.0 cents) per ordinary share	**1,168,031**	988,589

The actual amount of the 2018 final dividend paid during the year ended 31 December 2019 was RMB1,018,798,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 11,650,154,307 (2018: 11,507,083,785) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of the Group's share options into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2019 RMB'000	2018 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**6,452,210**	5,210,888

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**11,650,154,307**	11,507,083,785
Effect of dilution – weighted average number of ordinary shares:		
Share options	**52,775,198**	57,157,787
	11,702,929,505	11,564,241,572

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2019							
At 1 January 2019:							
Cost	8,760,057	19,569	570,554	2,046,108	59,454	2,338,375	13,794,117
Accumulated depreciation and impairment	(1,717,879)	(19,551)	(103,458)	(1,178,884)	(45,242)	–	(3,065,014)
Net carrying amount	7,042,178	18	467,096	867,224	14,212	2,338,375	10,729,103
At 1 January 2019, net of accumulated depreciation and impairment	7,042,178	18	467,096	867,224	14,212	2,338,375	10,729,103
Additions	17,605	1,364	265	143,904	1,249	223,680	388,067
Disposals	(4,231)	(1)	(93)	(1,533)	(180)	(26,829)	(32,867)
Depreciation provided during the year (note 6)	(217,610)	(483)	(40,440)	(146,810)	(3,560)	–	(408,903)
Acquisition of subsidiaries (note 41)	–	–	–	80,719	133	73,802	154,654
Disposal of subsidiaries (note 42)	–	–	–	(892)	(142)	–	(1,034)
Gain on properties revaluation in relation to the transfer to investment properties	67,983	–	1,344	–	–	–	69,327
Transfer from properties under development (note 14)	–	–	111,330	–	–	–	111,330
Transfer to investment properties (note 17)	(91,409)	–	(7,340)	(6)	–	–	(98,755)
Transfers	(57,825)	–	–	90,143	–	(32,318)	–
Exchange realignment	–	–	–	2	–	–	2
At 31 December 2019, net of accumulated depreciation and impairment	6,756,691	898	532,162	1,032,751	11,712	2,576,710	10,910,924
At 31 December 2019:							
Cost	8,752,464	20,903	675,623	2,293,037	58,389	2,576,710	14,377,126
Accumulated depreciation and impairment	(1,995,773)	(20,005)	(143,461)	(1,260,286)	(46,677)	–	(3,466,202)
Net carrying amount	6,756,691	898	532,162	1,032,751	11,712	2,576,710	10,910,924

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2018							
At 1 January 2018:							
Cost	9,012,908	19,569	584,254	1,667,217	63,030	2,217,310	13,564,288
Accumulated depreciation and impairment	(1,481,160)	(19,551)	(97,877)	(1,082,632)	(44,276)	–	(2,725,496)
Net carrying amount	7,531,748	18	486,377	584,585	18,754	2,217,310	10,838,792
At 1 January 2018, net of accumulated depreciation and impairment	7,531,748	18	486,377	584,585	18,754	2,217,310	10,838,792
Additions	17,576	–	12,327	59,505	2,651	255,435	347,494
Disposals	(35,634)	–	(4,451)	(1,889)	(974)	(34,838)	(77,786)
Depreciation provided during the year (note 6)	(236,719)	–	(18,852)	(109,306)	(4,549)	–	(369,426)
Acquisition of subsidiaries	–	–	–	1,649	–	–	1,649
Disposal of subsidiaries (note 42)	–	–	–	(2,886)	(433)	–	(3,319)
Gain on properties revaluation in relation to the transfer to investment properties	–	–	17,295	–	–	–	17,295
Transfer to investment properties (note 17)	–	–	(37,750)	–	–	–	(37,750)
Transfer from investment properties (note 17)	–	–	12,150	–	–	–	12,150
Transfers	(234,793)	–	–	335,562	(1,237)	(99,532)	–
Exchange realignment	–	–	–	4	–	–	4
At 31 December 2018, net of accumulated depreciation and impairment	7,042,178	18	467,096	867,224	14,212	2,338,375	10,729,103
At 31 December 2018:							
Cost	8,760,057	19,569	570,554	2,046,108	59,454	2,338,375	13,794,117
Accumulated depreciation and impairment	(1,717,879)	(19,551)	(103,458)	(1,178,884)	(45,242)	–	(3,065,014)
Net carrying amount	7,042,178	18	467,096	867,224	14,212	2,338,375	10,729,103

At 31 December 2019, certain of the Group's hotel properties and buildings, construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately RMB297,415,000 (2018: RMB310,974,000) were pledged to secure bank loans granted to the Group (note 33).

14. PROPERTIES UNDER DEVELOPMENT

	Notes	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January		**98,599,092**	66,533,773
Additions		**46,463,109**	45,018,863
Transfer to properties held for sale		**(20,727,217)**	(14,525,556)
Transfer to property, plant and equipment	13	**(111,330)**	–
Acquisition of subsidiaries	41	**9,996,192**	12,993,213
Disposal of subsidiaries	42	**(8,095,596)**	(11,421,201)
Carrying amount at 31 December		**126,124,250**	98,599,092
Current portion		**(61,278,865)**	(48,471,834)
Non-current portion		**64,845,385**	50,127,258

At 31 December 2019, certain of the Group's properties included in properties under development with a net carrying amount of approximately RMB50,243,236,000 (2018: RMB44,927,739,000) were pledged to secure bank loans granted to the Group (note 33).

15. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects (the "Projects") in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January	**12,671,193**	15,875,080
Additions	**2,729,635**	1,756,445
Recognised during the year	**(2,705,013)**	(4,960,332)
Carrying amount at 31 December	**12,695,815**	12,671,193
Current portion	**(1,990,602)**	(3,099,645)
Non-current portion	**10,705,213**	9,571,548

16. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at the lower of cost and net realisable value. The Group's properties held for sale are situated in Mainland China.

At 31 December 2019, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately RMB132,501,000 (2018: RMB140,784,000) were pledged to secure bank loans granted to the Group (note 33).

17. INVESTMENT PROPERTIES

	Notes	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January		**29,205,862**	27,812,347
Additions		**690,726**	1,134,558
Transfer from properties held for sale		**808,710**	43,977
Net gain from a fair value adjustment	5	**454,695**	189,380
Transfer from property, plant and equipment	13	**98,755**	37,750
Transfer from right-of-use assets	18(b)	**1,935**	–
Transfer to property, plant and equipment	13	**–**	(12,150)
Carrying amount at 31 December		**31,260,683**	29,205,862

The Group's investment properties consist of 17 commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. Sixteen of the Group's investment properties were revalued individually on 31 December 2019 based on valuations performed by Cushman & Wakefield Limited (formerly known as DTZ Debenham Tie Leung Limited), Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Renda Real Estate Appraisal Co., Ltd., and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers. Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

As at 31 December 2019, one of the Group's investment properties was a right-of-use asset relating to a building which will be leased out under one or more operating leases. This investment property was valued at approximately RMB98,741,000 as at 31 December 2019 by the Group's management.

These investment properties are leased under operating leases, further summary details of which are included in note 18 to the financial statements.

At 31 December 2019, certain of the Group's investment properties with a carrying value of RMB12,902,640,000 (2018: RMB12,688,153,000) were pledged to secure bank loans granted to the Group (note 33).

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	**42,100**	**31,218,583**	**31,260,683**

	Fair value measurement as at 31 December 2018 using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	47,800	29,158,062	29,205,862

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 January 2018	27,764,677
Additions	1,134,558
Transfer from properties held for sale	43,977
Net gain from a fair value adjustment	189,250
Transfer from property, plant and equipment	37,750
Transfer to property, plant and equipment	(12,150)
Carrying amount at 31 December 2018 and 1 January 2019	29,158,062
Additions	690,726
Transfer from properties held for sale	808,710
Transfer from right-of-use assets	1,935
Net gain from a fair value adjustment	460,395
Transfer from property, plant and equipment	98,755
Carrying amount at 31 December 2019	31,218,583

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2019	2018
Property 1 – Beijing Chemsunny World Trade Centre	Term and reversion method	Term yield	5.50%	6.00%
		Reversionary yield	6.00%	6.50%
		Market rent (per square metre ("sqm") per annum ("p.a."))	RMB5,347 – RMB9,726	RMB5,292 – RMB9,732
Property 2 – Sinochem Tower	Term and reversion method	Term yield	3.00% – 5.50%	3.00% – 5.50%
		Reversionary yield	3.50% – 6.00%	3.50% – 6.00%
		Market rent (per sqm p.a.)	RMB3,166 – RMB9,600	RMB2,988 – RMB9,840
Property 3 – Jin Mao Tower	Term and reversion method	Term yield	3.50% – 4.50%	3.50% – 4.50%
		Reversionary yield	4.00% – 5.00%	4.00% – 5.00%
		Market rent (per sqm p.a.)	RMB4,619 – RMB12,000	RMB4,224 – RMB12,000
Property 4 – Zhuhai Every Garden	Term and reversion method	Term yield	5.00% – 6.25%	5.50% – 6.25%
		Reversionary yield	5.50% – 6.50%	6.00% – 6.50%
		Market rent (per sqm p.a.)	RMB518 – RMB720	RMB516 – RMB744
Property 5 – Nanjing Xuanwu Lake Jin Mao Plaza	Term and reversion method	Term yield	3.50% – 4.50%	3.50% – 4.50%
		Reversionary yield	4.00% – 5.00%	4.00% – 5.00%
		Market rent (per sqm p.a.)	RMB2,160 – RMB7,560	RMB2,088 – RMB7,440

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2019	2018
Property 6 – Changsha Meixi Lake International R&D Centre	Discounted cash flow method	Estimated rental value (per sqm p.a.)	**RMB1,018**	RMB657
		Rental growth p.a.	**0.00% – 3.00% (3.00%)**	0.00% – 3.00% (3.00%)
		Long term vacancy rate	**8.22%**	4.11%
		Discount rate	**6.00%**	6.00%
Property 7 – Lijiang J • LIFE	Term and reversion method	Term yield	**5.50%**	5.50%
		Reversionary yield	**5.50%**	6.00%
		Market rent (per sqm p.a.)	**RMB1,044**	RMB1,284
Property 8 – Shanghai International Shipping Service Center	Market comparable method	Price per sqm	**RMB57,194 – RMB90,275**	RMB57,057
Property 9 – Qingdao Jinmao Harbour Shopping Center	Term and reversion method	Term yield	**4.00%**	4.00%
		Reversionary yield	**4.50%**	4.50%
		Market rent (per sqm p.a.)	**RMB1,644**	RMB1,632
Property 10 – Ningbo Jiayuan Plaza	Term and reversion method	Term yield	**4.00%**	4.00%
		Reversionary yield	**4.50%**	4.50%
		Market rent (per sqm p.a.)	**RMB684 – RMB5,040**	RMB672 – RMB4,800
Property 11 – Ningbo Huijin Building	Term and reversion method	Term yield	**4.00%**	4.00%
		Reversionary yield	**4.50%**	4.50%
		Market rent (per sqm p.a.)	**RMB875 – RMB5,040**	RMB880 – RMB4,800
Property 12 – Changsha Jinmao Mall of Splendor	Discounted cash flow method	Estimated rental value (per sqm p.a.)	**RMB1,201**	RMB1,201
		Rental growth p.a.	**3.00%**	3.61%
		Long term vacancy rate	**5.00%**	5.00%
		Discount rate	**6.76%**	6.00%
Property 13 – Beijing Chaoyang Jinmao Centre Project	Residual method	Developer's profit rate	**5.00%**	5.00%
	Term and reversion method	Reversionary yield	**5.00% – 5.50%**	5.00% – 5.50%
		Market rent (per sqm p.a.)	**RMB2,280 – RMB3,600**	RMB2,280 – RMB3,600
Property 14 – Nanjing Southern Hexi Yuzui Land Parcel No. G97	Residual method	Developer's profit rate	**5.00%**	5.00%
	Term and reversion method	Reversionary yield	**3.00% – 6.00%**	3.00% – 6.00%
		Market rent (per sqm p.a.)	**RMB1,680 – RMB2,544**	RMB1,680 – RMB2,544
Property 15 – Hangzhou Shangtang Project	Residual method	Developer's profit rate	**5.00%**	5.00%
	Term and reversion method	Reversionary yield	**2.00%**	2.00%
		Market rent (per sqm p.a.)	**RMB1,392**	RMB1,392
Property 16 – Wangfujing Quadrangle Courtyard	Term and reversion method	Term yield	**4.00%**	NA
		Reversionary yield	**4.50%**	NA
		Market rent (per sqm p.a.)	**RMB6,180**	NA
Property 17 – Jinmao Boill e-Wisdom Valley Executive Apartment	Term and reversion method	Term yield	**4.84%**	NA
		Reversionary yield	**4.84%**	NA
		Market rent (per sqm p.a.)	**RMB665**	NA

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

Under the market comparable method, a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis".

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The market comparable method is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

The residual method is essentially a mean of valuing land with reference to its development potential by deducting construction cost, interest and developer's profit from its estimated gross development value assuming it would have been completed as at the valuation date in accordance with the latest development scheme provided to the Group by relevant parties. The estimated total and outstanding construction costs and development schedule to be advised by the relevant parties will also be considered.

A significant increase (decrease) in the developer's profit rate would result in a significant decrease (increase) in the fair value of the investment properties.

18. LEASES

The Group as a lessee

The Groups lease certain of office properties, staff quarters and an operating property under operating lease arrangements. Leases for office properties and staff quarters are negotiated for terms ranging from one to six years. The lease for the operating property is negotiated for a term of fifteen years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years, and no ongoing payments will be made under the terms of these land leases.

(a) Prepaid land lease payments (before 1 January 2019)

	Notes	RMB'000
Carrying amount at 1 January 2018		1,561,118
Additions		5,084
Recognised in profit or loss during the year	6	(54,270)
Carrying amount at 31 December 2018		1,511,932
Current portion included in prepayments, other receivables and other assets	24	(53,686)
Non-current portion		1,458,246

18. LEASES (Continued)

The Group as a lessee (Continued)

(b) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments RMB'000	Office properties and staff quarters RMB'000	Total RMB'000
As at 1 January 2019	1,511,932	107,030	1,618,962
Additions	–	116,418	116,418
Additions as a result of acquisition of subsidiaries (note 41)	10,521	10,169	20,690
Transfer to investment properties (note 17)	(1,935)	–	(1,935)
Depreciation charge	(54,567)	(85,262)	(139,829)
As at 31 December 2019	1,465,951	148,355	1,614,306

At 31 December 2019, certain of the Group's right-of-use assets with a net carrying amount of RMB142,871,000 (2018: prepaid land lease payments of RMB148,976,000) were pledged to secure bank loans granted to the Group (note 33).

(c) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019 Lease liabilities RMB'000
Carrying amount at 1 January	96,004
New leases	169,143
Additions as a result of acquisition of subsidiaries (note 41)	8,856
Accretion of interest recognised during the year (note 7)	7,430
Payments	(85,824)
Carrying amount at 31 December	195,609
Analysed into	
Current portion	75,244
Non-current portion	120,365

The maturity analysis of lease liabilities is disclosed in note 49 to the financial statements.

18. LEASES (Continued)

The Group as a lessee (Continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 RMB'000
Interest on lease liabilities	**7,430**
Depreciation charge of right-of-use assets	**139,829**
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales)	**6,666**
Expense relating to leases of low-value assets (included in administrative expenses)	**7,521**
Total amount recognised in profit or loss	**161,446**

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 43(c) and 45, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 17) consisting of 17 commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB1,446,776,000 (2018: RMB1,449,822,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019 RMB'000	2018 RMB'000
Within one year	**1,330,942**	1,267,228
After one year but within two years	**930,780**	1,071,923
After two years but within three years	**396,793**	623,150
After three years but within four years	**176,569**	166,558
After four years but within five years	**133,390**	133,314
After five years	**222,615**	313,302
	3,191,089	3,575,475

19. INTANGIBLE ASSETS

	Computer software RMB'000
31 December 2019	
At 1 January 2019:	
Cost	**129,244**
Accumulated amortisation and impairment	**(84,429)**
Net carrying amount	**44,815**
Cost at 1 January 2019, net of accumulated amortisation and impairment	**44,815**
Additions	**18,743**
Acquisition of subsidiaries (note 41)	**543**
Disposals	**(671)**
Amortisation provided during the year (note 6)	**(13,407)**
At 31 December 2019	**50,023**
At 31 December 2019:	
Cost	**150,611**
Accumulated amortisation and impairment	**(100,588)**
Net carrying amount	**50,023**

	Computer software RMB'000
31 December 2018	
At 1 January 2018:	
Cost	104,894
Accumulated amortisation and impairment	(73,644)
Net carrying amount	31,250
Cost at 1 January 2018, net of accumulated amortisation and impairment	31,250
Additions	24,522
Disposal of subsidiaries (note 42)	(156)
Disposals	(10)
Impairment (note 6)	(36)
Amortisation provided during the year (note 6)	(10,755)
At 31 December 2018	44,815
At 31 December 2018:	
Cost	129,244
Accumulated amortisation and impairment	(84,429)
Net carrying amount	44,815

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2019 RMB'000	2018 RMB'000
Share of net assets	**11,511,385**	7,346,601

The amounts due from and to joint ventures are disclosed in note 26 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain joint ventures because the share of loss of the joint ventures exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the joint ventures for the current year and cumulatively were RMB348,791,000 (2018: RMB93,665,000) and RMB471,886,000 (2018: RMB123,095,000), respectively.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2019 RMB'000	2018 RMB'000
Share of the joint ventures' profit for the year	**722,390**	369,183
Share of the joint ventures' total comprehensive income for the year	**722,390**	369,183
Aggregate carrying amount of the Group's investments in the joint ventures	**11,511,385**	7,346,601

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Jin Mao, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Jin Mao agreed to make a capital injection of RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, to subscribe for its new registered capital.

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

On 28 July 2011, Qingdao Jin Mao completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to the newly registered capital of Lanhai Xingang City. On the same day, Qingdao Jin Mao and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, where branch 1 would be unilaterally managed and controlled by Qingdao Jin Mao in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group considered this supplementary arrangement as a joint operation and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Non-current assets		
Property, plant and equipment	**266**	310
Properties under development	**–**	125,226
Total non-current assets	**266**	125,536
Current assets		
Properties held for sale	**382,146**	424,298
Properties under development	**94,284**	–
Prepayments, other receivables and other assets	**13,990**	17,206
Prepaid tax	**23,791**	18,722
Restricted bank balances	**114,482**	52,884
Cash and cash equivalents	**28,065**	60,542
Total current assets	**656,758**	573,652
Current liabilities		
Trade and bills payables	**310,728**	402,318
Other payables and accruals	**201,080**	99,329
Total current liabilities	**511,808**	501,647
Net current assets	**144,950**	72,005
Total assets less current liabilities	**145,216**	197,541
Non-current liabilities		
Deferred tax liabilities	**1**	–
Net assets	**145,215**	197,541

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

	2019 RMB'000	2018 RMB'000
Revenue	29,045	404,048
Cost of sales	(23,107)	(290,729)
Gross profit	5,938	113,319
Other income and gains	487	1,158
Selling and marketing expenses	(1,128)	(10,071)
Administrative expenses	(4,490)	(3,971)
Profit before tax	807	100,435
Income tax	9,963	(53,604)
Profit for the year	10,770	46,831

21. INVESTMENTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Share of net assets	7,597,657	6,698,667

The amounts due from and to associates are disclosed in note 26 to the financial statements.

All of the Group's investments in associates are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain associates because the share of loss of the associates exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the associates for the current year and cumulatively were RMB79,154,000 (2018: RMB43,706,000) and RMB172,540,000 (2018: RMB93,386,000), respectively.

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2019 RMB'000	2018 RMB'000
Share of the associates' (loss)/profit for the year	(132,653)	10,749
Share of the associates' total comprehensive (loss)/income for the year	(132,653)	10,749
Aggregate carrying amount of the Group's investments in the associates	7,597,657	6,698,667

22. INVENTORIES

	2019 RMB'000	2018 RMB'000
Raw materials	**157,704**	103,147
Consumables and tools	**3,117**	4,024
Hotel merchandise	**10,547**	10,415
Trading stock	**2,806**	2,611
	174,174	120,197

23. TRADE RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	**1,462,059**	799,241
Impairment	**(16,195)**	(9,653)
	1,445,864	789,588

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group has pledged trade receivables of approximately RMB25,514,000 (2018: RMB22,939,000) to secure a bank loan granted to the Group (note 33).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
Within 1 month	**76,258**	379,557
1 to 3 months	**1,182,884**	67,386
4 to 6 months	**52,428**	31,266
6 months to 1 year	**68,641**	18,153
Over 1 year	**65,653**	293,226
	1,445,864	789,588

23. TRADE RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	**9,653**	5,952
Impairment losses, net (note 6)	**6,542**	3,701
At 31 December	**16,195**	9,653

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	**0.02%**	**1.22%**	**7.33%**	**31.70%**	**1.11%**
Gross carrying amount (RMB'000)	**1,409,708**	**1,561**	**1,133**	**49,657**	**1,462,059**
Expected credit losses (RMB'000)	**351**	**19**	**83**	**15,742**	**16,195**

As at 31 December 2018

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.09%	2.96%	3.35%	34.27%	1.21%
Gross carrying amount (RMB'000)	768,338	3,550	1,793	25,560	799,241
Expected credit losses (RMB'000)	728	105	60	8,760	9,653

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019 RMB'000	2018 RMB'000
Prepayments	**8,502,740**	3,986,959
Deposits	**5,695,954**	1,283,040
Other receivables	**9,649,985**	11,968,726
Due from non-controlling shareholders	**6,269,918**	1,999,221
Entrusted loans to third parties	**–**	600,000
Contract costs	**84,409**	129,167
Prepaid land lease payments (note 18(a))	**–**	53,686
	30,203,006	20,020,799

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

The current balances of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of RMB4,158,874,000, in aggregate, which bear interest at rates from 0.35% to 4.35% per annum (2018: RMB1,999,221,000, in aggregate, which bear interest at rates from 0.35% to 2.375% per annum).

The entrustment loans to third parties of RMB600,000,000 as at 31 December 2018 were unsecured, bore interest at rate 2.175% per annum and receivable within one year.

Management expects the contracts costs, primarily sale commission and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts as contract costs and amortised when the related revenue are recognised.

As at 31 December 2019, the non-current balance included a pledged deposit of RMB246,000,000 (2018: RMB300,000,000) made to a local government for performance guarantee, which is not repayable within one year.

25. CONTRACT ASSETS

	31 December 2019 RMB'000	31 December 2018 RMB'000	1 January 2018 RMB'000
Contract assets arising from design and decoration services	**267,009**	154,500	53,985
	267,009	154,500	53,985

Contract assets are initially recognised for other revenue earned from the design and decoration services as the receipt of consideration is conditional on successful completion of services, respectively. Included in contract assets for design and decoration services are retention receivables. Upon completion of design and decoration services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2019 and 2018 was the result of the increase in the ongoing provision of design and decoration services at the end of each of the years.

The expected timing of recovery or settlement for contract assets as at 31 December 2019 is within one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2019	2018
Expected credit loss rate	**0%**	0%
Gross carrying amount (RMB'000)	**267,009**	154,500
Expected credit losses (RMB'000)	**–**	–

26. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	Notes	2019 RMB'000	2018 RMB'000
Current:			
Due from related parties:			
The ultimate holding company		**280**	–
An intermediate holding company		**–**	360
The immediate holding company		**1,392**	1,239
Fellow subsidiaries	(i)	**57,904**	295,374
Associates	(ii)	**13,161,106**	16,148,835
Joint ventures	(iii)	**21,099,610**	20,561,332
An associate of the Group's ultimate holding company		**–**	87
The substantial shareholder	(iv)	**1,435,928**	–
		35,756,220	37,007,227
Non-current:			
Due from related parties:			
Fellow subsidiaries		**64,398**	–
Associates	(v)	**1,265,515**	–
Joint ventures	(vi)	**6,927,839**	1,967,350
		8,257,752	1,967,350
Due to related parties:			
The ultimate holding company		**2,077**	2,170
An intermediate holding company	(vii)	**6,901,926**	1,823,707
The immediate holding company	(viii)	**10,615,072**	7,859,546
Fellow subsidiaries	(ix)	**2,040,945**	928,582
Associates		**4,874,312**	1,973,590
Joint ventures		**6,137,520**	3,273,768
An associate of the Group's ultimate holding company		**2,678**	24,041
The substantial shareholder		**100,652**	–
		30,675,182	15,885,404

26. BALANCES WITH RELATED PARTIES (Continued)

The amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due from fellow subsidiaries as at 31 December 2018 include an amount of RMB288,000,000, which bears interest at a rate of 2.18% per annum (2019: Nil).

(ii) The current balances of amounts due from associates as at 31 December 2019 include the amounts of RMB6,446,393,000, in aggregate, which bear interest at rates ranging from 4.35% to 10.00% per annum (2018: RMB5,906,345,000, in aggregate, which bear interest at rates ranging from 5.23% to 10.00% per annum).

(iii) The current balances of amounts due from joint ventures as at 31 December 2019 include the amounts of RMB11,651,801,000, in aggregate, which bear interest at rates ranging from 2.00% to 10.00% per annum (2018: RMB12,746,709,000, in aggregate, which bear interest at rates ranging from 2.42% to 10.26% per annum).

(iv) The current balance of amounts due from the substantial shareholder as at 31 December 2019 include the amounts of RMB1,435,928,000, in aggregate, which bear interest at rates ranging from 2.175% to 2.75% per annum (2018: Nil).

(v) The non-current balances of amounts due from associates as at 31 December 2019 include the amounts of RMB1,265,515,000, in aggregate, which bear interest at a rate of 8.00% per annum (2018: Nil).

(vi) The non-current balances of amounts due from joint ventures as at 31 December 2019 include the amounts of RMB6,927,839,000, in aggregate, which bear interest at a rate of 8.00% per annum (2018: RMB1,967,350,000, which bears interest at a rate of 8.00% per annum).

The amounts due to related parties are unsecured, interest-free and are repayable on demand, except for the following:

(vii) The current balances of amounts due to an intermediate holding company as at 31 December 2019 include the amounts of RMB6,800,000,000, in aggregate, which bear interest at rates ranging from 4.20% to 4.35% per annum (2018: Nil).

(viii) The current balances of amounts due to the immediate holding company as at 31 December 2019 include the amounts of RMB10,557,771,000, in aggregate, which bear interest at rates ranging from 3.21% to 4.61% per annum (2018: Nil).

(ix) The current balances of amounts due to fellow subsidiaries as at 31 December 2019 include an amount of RMB1,395,288,000, which bears interest at a rate of 4.50% per annum (2018: Nil).

27. OTHER FINANCIAL ASSETS

	2019 RMB'000	2018 RMB'000
Non-current balances		
Unlisted equity investments, at fair value (2018: at fair value)	**230,000**	180,000
Other unlisted investments, at fair value (2018: at fair value)	**95,274**	1,059,281
	325,274	1,239,281
Current balances		
Other unlisted investments, at fair value (2018: at fair value)	**1,077**	2,199
	1,077	2,199
	326,351	1,241,480

The above equity investments were classified as financial assets at fair value through profit or loss.

The above other unlisted investments were wealth management products issued by banks in Mainland China.

28. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND DEPOSITS

	2019 RMB'000	2018 RMB'000
Cash and bank balances	**17,056,997**	21,175,637
Time deposits	**10,924,314**	4,606,142
	27,981,311	25,781,779
Less:		
Restricted bank balances	**(7,486,609)**	(4,457,579)
Long-term time deposit	**(3,300,000)**	–
Cash and cash equivalents	**17,194,702**	21,324,200

At 31 December 2019, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB19,707,251,000 (2018: RMB20,783,706,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND DEPOSITS (Continued)

Included in the Group's cash and cash equivalents are deposits of RMB2,442,111,000 (2018: RMB5,675,285,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.50% per annum (2018: 0.35% to 1.50%). The Group's long-term time deposit of RMB3,300,000,000 (2018: Nil) is placed with Sinochem Finance and has a term of 2 years with a fixed rate of 3.15% per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 46(a) to the financial statements.

29. DUE FROM NON-CONTROLLING SHAREHOLDERS

The non-current balances of amounts due from non-controlling shareholders are unsecured, bear interest at rates from 2.18% to 4.75% per annum and are not repayable within one year.

30. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year or on demand	**18,335,309**	10,995,487
Over 1 year	**660,225**	697,357
	18,995,534	11,692,844

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

31. OTHER PAYABLES AND ACCRUALS

	Notes	2019 RMB'000	2018 RMB'000
Other payables	(a)	**11,601,566**	7,661,225
Receipts in advance		**111,303**	124,153
Contract liabilities	(b)	**64,657,028**	46,967,258
Accruals		**234,730**	182,003
Due to non-controlling shareholders	(c)	**4,851,234**	13,199,767
Dividend payable to non-controlling shareholders		**250**	23,718
Deferred revenue		**1,034,119**	–
		82,490,230	68,158,124

31. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Other payables are non-interest-bearing with an average term of not more than one year.

(b) Details of contract liabilities are as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000	1 January 2018 RMB'000
Short-term advances received from customers			
Sale of properties	**64,331,782**	46,783,892	36,589,633
Land development	**–**	–	2,041,495
Hotel operations	**96,967**	85,241	94,077
Others	**228,279**	98,125	91,677
Total contract liabilities	**64,657,028**	46,967,258	38,816,882

Contract liabilities include short-term advances received to deliver completed properties and land development assets, render hotel operations, design and decoration services and management services. The increase in contract liabilities in 2019 and 2018 was mainly due to the increase in short-term advances received from customers in relation to the sales of properties at the end of the years.

(c) The amounts due to non-controlling shareholders as at 31 December 2019 are unsecured, interest-free and are repayable on demand, except for the amounts of RMB3,326,892,000, in aggregate, which bear interest at rates ranging from 3.43% to 10.00% per annum.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018	
	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Interest rate swaps	**34,991**	847	32,795
Cross currency interest rate swaps	**17,880**	–	11,974
Foreign currency forward contract	**253**	–	–
Carrying amount at 31 December	**53,124**	847	44,769
Current portion	**(18,133)**	(847)	–
Non-current portion	**34,991**	–	44,769

Derivative financial instruments of the Group were conducted with creditworthy banks.

Cash flow hedge – Interest rate risk and foreign currency risk

At 31 December 2019, the Group had interest rate swap agreements in place with a notional amount of HK$1,920,000,000 whereby they pay interest at fixed rates ranged from of 3.81% to 4.45% and receive interest at variable rates equal to the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.45% to 1.65% on the notional amount. The swaps are being used to hedge the interest rate exposure of floating rate unsecured bank loan with aggregate face value of HK$1,920,000,000.

32. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2019, the Group had a cross currency interest rate swap agreement in place with notional amounts of US$250,000,000 and HK$1,960,350,000 whereby they pay interest at a fixed rate of 3.45% and pay HK$1,960,350,000 on the maturity date, and receive interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.1% and receive US$250,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with face value of US$250,000,000.

At 31 December 2019, the Group had a cross currency interest rate swap agreement in place with notional amounts of JPY2,000,000,000 and HK$145,137,881 whereby they pay interest at a variable rate equal to LIBOR plus 1.62% and pay HK$145,137,881 on the maturity date, and receive interest at a variable rate equal to LIBOR plus 1% and receive JPY2,000,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with a face value of JPY2,000,000,000.

At 31 December 2019, the Group had a foreign currency forward contract in place with notional amounts of US$94,380,000 and HK$735,503,340 whereby they pay HK$735,503,340 on the maturity date, and receive US$94,380,000 on the maturity date. The foreign currency forward contract is being used to hedge the foreign currency risk exposure to the unsecured bank loan with a face value of US$94,380,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the swaps and foreign currency forward contracts match the terms of the variable rate foreign currency denominated bank loans (i.e., notional amount, maturity, payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the swaps and foreign currency forward contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted payments and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019			2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, secured	**4.13**	**2020**	**980,000**	–	–	–
Bank loans, unsecured	**1.62-5.69**	**2020**	**5,624,278**	2.07-4.79	2019	4,608,229
Other loans, unsecured	**–**	**–**	**–**	6.00-7.00	2019	903,736
Notes, unsecured	**–**	**–**	**–**	4.27	2019	700,000
Current portion of long term bank loans, secured	**4.15-5.61**	**2020**	**1,148,500**	4.75-6.37	2019	2,743,000
Current portion of long term bank loans, unsecured	**3.48-5.46**	**2020**	**5,870,461**	2.27-5.40	2019	7,909,790
Current portion of long term other loans, unsecured	**4.75-7.07**	**2020**	**7,609,408**	3.53-6.30	2019	5,111,480
Current portion of long term notes, unsecured	**3.55-4.78**	**2020**	**5,430,238**	–	–	–
			26,662,885			21,976,235
Non-current						
Bank loans, secured	**4.28-6.65**	**2021-2030**	**11,384,826**	4.27-9.82	2020-2030	8,274,893
Bank loans, unsecured	**2.86-5.70**	**2021-2029**	**14,658,927**	2.27-5.40	2020-2024	15,483,902
Other loans, unsecured	**3.53-7.21**	**2021-2037**	**22,478,182**	3.53-7.00	2020-2034	24,343,760
Notes, unsecured	**3.60-6.75**	**2021-2024**	**17,051,316**	3.60-6.75	2020-2022	17,440,818
Domestic corporate bonds, unsecured	**3.65-3.72**	**2021-2024**	**3,800,000**	3.55	2020	453,050
			69,373,251			65,996,423
			96,036,136			87,972,658

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2019 RMB'000	2018 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**13,623,239**	15,261,020
In the second year	**6,125,831**	10,081,975
In the third to fifth years, inclusive	**16,570,117**	12,677,319
Beyond five years	**3,347,805**	999,500
	39,666,992	39,019,814
Other borrowings repayable:		
Within one year	**13,039,646**	6,715,215
In the second year	**13,844,802**	11,034,122
In the third to fifth years, inclusive	**18,339,185**	26,930,507
Beyond five years	**11,145,511**	4,273,000
	56,369,144	48,952,844
	96,036,136	87,972,658

Notes:

(a) As at 31 December 2019, the Group had loan facilities amounting to RMB157,135,999,000 (2018: RMB130,083,192,000), of which RMB69,754,582,000 (2018: RMB70,078,790,000) had been utilised.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of approximately RMB297,415,000 (2018: RMB310,974,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately RMB50,243,236,000 (2018: RMB44,927,739,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of RMB132,501,000 (2018: RMB140,784,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB12,902,640,000 (2018: RMB12,688,153,000);

(v) mortgages over certain of the Group's right-of-use assets, which had an aggregate carrying amount at the end of the reporting period of RMB142,871,000 (2018: prepaid land lease payments of RMB148,976,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of RMB 25,514,000 (2018: RMB22,939,000); and

(vii) pledge of certain of the equity interests in the Group's joint ventures, which had an aggregate carrying amount at the end of the reporting period of RMB551,668,000 (2018: pledge of certain of the equity interests in the Group's subsidiaries, which had an aggregate carrying amount of RMB563,668,000).

(c) Except for the bank and other borrowings amounting to approximately RMB17,218,509,000 (2018: RMB10,890,814,000), RMB14,495,399,000 (2018: RMB15,168,295,000) and RMB127,688,000 (2018: Nil) which are denominated in United States dollars, Hong Kong dollars and Japanese Yen respectively, all bank and other borrowings are denominated in RMB.

34. PROVISION FOR LAND APPRECIATION TAX

	RMB'000
At 1 January 2018	3,633,637
Charged to the statement of profit or loss during the year (note 10)	1,467,896
Payment during the year	(2,004,136)
Transfer from prepaid tax	(416,509)
At 31 December 2018 and 1 January 2019	**2,680,888**
Charged to the statement of profit or loss during the year (note 10)	**1,855,576**
Payment during the year	**(713,145)**
Transfer from prepaid tax	**(533,184)**
At 31 December 2019	**3,290,135**

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1% to 3.5% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

35. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Accrued interest income RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2018	3,437,824	530,768	709,112	142,197	115,834	128,395	5,064,130
Acquisition of subsidiaries	–	–	88,936	–	–	–	88,936
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	58,339	75,017	(65,760)	–	10,290	18,476	96,362
Deferred tax charged to the statement of comprehensive income during the year	4,324	–	–	–	–	–	4,324
Gross deferred tax liabilities at 31 December 2018	3,500,487	605,785	732,288	142,197	126,124	146,871	5,253,752
Effect of adoption of HKFRS 16	–	–	–	–	–	24,001	24,001
At 1 January 2019 (restated)	3,500,487	605,785	732,288	142,197	126,124	170,872	5,277,753
Acquisition of subsidiaries (note 41)	–	–	440,671	–	–	–	440,671
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	222,176	73,457	(357,883)	–	97,088	151,910	186,748
Deferred tax charged to the statement of comprehensive income during the year	17,332	–	–	–	–	–	17,332
Gross deferred tax liabilities at 31 December 2019	3,739,995	679,242	815,076	142,197	223,212	322,782	5,922,504

35. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	884,303	112,871	481,509	25,713	1,504,396
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	(221,819)	253,622	382,404	(2,295)	411,912
Disposal of subsidiaries (note 42)	–	(5,586)	–	–	(5,586)
Gross deferred tax assets at 31 December 2018	**662,484**	**360,907**	**863,913**	**23,418**	**1,910,722**
Effect of adoption of HKFRS 16	**–**	**–**	**–**	**24,001**	**24,001**
At 1 January 2019 (restated)	**662,484**	**360,907**	**863,913**	**47,419**	**1,934,723**
Acquisition of subsidiaries (note 41)	**–**	**175,748**	**–**	**–**	**175,748**
Deferred tax credited to the statement of profit or loss during the year (note 10)	**114,621**	**175,870**	**334,542**	**9,041**	**634,074**
Disposal of subsidiaries (note 42)	**–**	**(1,557)**	**(21,814)**	**–**	**(23,371)**
Gross deferred tax assets at 31 December 2019	**777,105**	**710,968**	**1,176,641**	**56,460**	**2,721,174**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

35. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**2,708,346**	1,897,894
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(5,909,676)**	(5,240,924)
	(3,201,330)	(3,343,030)

The Group also has tax losses arising in Mainland China of RMB3,091,488,000 (2018: RMB3,414,677,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2019, the Group recognised deferred tax liabilities of approximately RMB142,197,000 (2018 RMB142,197,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB34,751,989,000 at 31 December 2019 (2018: RMB32,369,182,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

36. PERPETUAL SECURITIES

(a) 2016 Subordinate Guaranteed Perpetual Capital Securities

On 4 February 2016, Franshion Brilliant Limited, a wholly-owned subsidiary of the Company, issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$500,000,000 (equivalent to approximately RMB3,270,950,000). The direct transaction costs attributable to the issuance amounted to US$1,470,000 (equivalent to approximately RMB9,619,000).

The securities confer a right to receive distributions at the applicable distribution rate of 6% per annum from and including 4 February 2016, payable semi-annually on 4 February and 4 August of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(b) 2016 Domestic Renewable Corporate Bonds

On 16 June 2016, Jinmao Investment Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, issued the domestic renewable corporate bonds with an aggregate principal amount of RMB2,000,000,000. The direct transaction costs attributable to the issuance amounted to RMB5,737,000.

The coupon rate was fixed at 3.70% and every three interest-bearing years shall be a cycle. The Group has the option for extension at the end of every three interest-bearing years.

On 16 June 2019, the Group redeemed all of these domestic renewable corporate bonds with a principal amount of RMB2,000,000,000.

(c) 2017 Subordinate Guaranteed Perpetual Capital Securities

On 17 January 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an amount of US$497,615,000 (equivalent to approximately RMB3,433,145,000), at 99.523% of the principal amount of US$500,000,000. The direct transaction costs attributable to the issuance amounted to US$3,862,000 (equivalent to approximately RMB26,645,000).

The securities confer a right to receive distributions at the applicable distribution rate of 5.75% per annum from and including 17 January 2017, payable semi-annually on January 17 and July 17 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

On 6 November 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB1,987,410,000). The direct transaction costs attributable to the issuance amounted to US$196,000 (equivalent to approximately RMB1,296,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.875% per annum from and including 6 May 2018, payable semi-annually on May 6 and November 6 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

36. PERPETUAL SECURITIES (Continued)

(d) 2017 Senior Guaranteed Perpetual Capital Securities

On 3 July 2017, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,033,160,000). On 1 September 2017, Franshion Brilliant Limited completed another issue of the senior guaranteed perpetual capital securities with an amount of US$200,182,000 (equivalent to approximately RMB1,319,380,000), at 100.091% of the principal amount of US$200,000,000 and an accrued distribution of US$1,289,000 (equivalent to RMB8,495,000) compensated from the bankers.

The securities confer a right to receive distribution at 4.00% per annum payable semi-annually in arrears beginning on 3 January 2018 with no stated maturity date. The transaction costs related to the issuance were approximately US$1,735,000 (equivalent to approximately RMB11,566,000).

(e) 2017 Hwabao Trust Perpetual Capital Securities

On 22 December 2017, Jinmao Investment Management (Shanghai) Co., Ltd. completed an issue of the guaranteed perpetual capital securities, in an aggregate principal amount of RMB621,000,000 with the trust plan established by Hwabao Trust Co., Ltd.

The securities confer a right to receive distribution at 6.95% per annum payable semi-annually in arrears beginning on 21 June 2018. The issuer, may at its sole discretion, elect to defer a distribution pursuant to the terms of the securities.

(f) 2018 Senior Guaranteed Perpetual Capital Securities

On 4 December 2018, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,068,170,000). The direct transaction costs attributable to the issuance amounted to US$1,997,700 (equivalent to approximately RMB13,772,000).

The securities confer a right to receive distributions at the 6.90% per annum payable semi-annually in arrears beginning on 4 December 2018 with no stated maturity date. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(g) 2018 Domestic Unsecured Perpetual Medium-Term Notes

On 18 December 2018, Jinmao Investment Management (Shanghai) Co., Ltd. issued the unsecured perpetual medium-term notes, with an aggregate principal amount of RMB2,000,000,000. The direct transaction costs attributable to the issuance amounted to RMB6,882,000.

The notes confer a right to receive distribution at 5.00% per annum payable annually beginning on 20 December 2018 and every three interest-bearing years shall be a cycle. The Group has the option for extension at the end of every three interest-bearing years.

36. PERPETUAL SECURITIES (Continued)

(h) 2019 Subordinate Guaranteed Perpetual Capital Securities

On 6 December 2019, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,815,320,000). The direct transaction costs attributable to the issuance amounted to US$759,000 (equivalent to approximately RMB5,340,000).

The securities confer a right to receive distributions at the applicable distribution rate of 7.125% per annum from and including 6 June 2020, payable semi-annually on 6 June and 6 December of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the securities in (a) to (h) above due to redemption other than an unforeseen liquidation of the Company or the issuers. Accordingly, these securities are classified as equity instruments.

37. SHARE CAPITAL

Shares

	2019 RMB'000	2018 RMB'000
Issued and fully paid:		
11,769,524,490 (2018:11,553,528,329) ordinary shares	**10,660,742**	10,469,821

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2018 and 1 January 2019	**11,553,528,329**	20,416,452
Issue of new shares (note a)	**169,494,061**	724,385
Share options exercised (note b)	**46,502,100**	110,023
31 December 2019	**11,769,524,490**	21,250,860

Notes:

(a) The Company issued 169,494,061 ordinary shares at the placing price of HK$4.8106 per share with net proceeds of approximately RMB724,385,000.

(b) 46,502,100 share options were exercised at the subscription price of HK$2.44 per share or HK$2.196 per share (note 38), resulting in the issue of 46,502,100 shares for a total cash consideration, before expenses, of RMB89,794,000. An amount of RMB20,229,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 38 to the financial statements.

38. SHARE OPTION SCHEME

2007 Scheme

The Company operated a share option scheme (the "2007 Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the 2007 Scheme included the Company's executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but did not include the Company's independent non-executive directors. The 2007 Scheme became effective on 22 November 2007 and expired on 22 November 2017, after 10 years from the effective date. However, the options granted under the 2007 Scheme continued to be valid and exercisable in accordance with the terms of issue.

The maximum number of unexercised share options currently permitted to be granted under the 2007 Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit was subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options might be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise and exercisability of the share options was related to the performance of individuals and of the Company. The board of directors would determine performance targets concerned and set out in the grant notice. The share options granted would become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

The exercise price of share options was determinable by the directors, but might not be less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the grant date of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the grant date; and (iii) the par value of the Company's share.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

38. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The following share options were outstanding under the 2007 Scheme during the year:

	2019		2018	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	**2.32**	**138,354,900**	2.21	155,597,880
Forfeited during the year	**2.20**	**(2,594,800)**	2.20	(12,216,000)
Exercised during the year	**2.23**	**(46,502,100)**	2.27	(5,026,980)
At 31 December	**2.20**	**89,258,000**	2.32	138,354,900

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.23 per share (2018: HK$2.27 per share).

The exercise prices and exercise periods of the share options outstanding under the 2007 Scheme as at the end of the reporting period are as follows:

2019

Number of options	Exercise price* HK$ per share	Exercise period
8,017,800	**2.196**	**17 October 2018 to 16 October 2023**
37,128,200	**2.196**	**17 October 2019 to 16 October 2023**
44,112,000	**2.196**	**17 October 2020 to 16 October 2023**
89,258,000		

2018

Number of options	Exercise price* HK$ per share	Exercise period
2,749,800	2.44	28 November 2014 to 27 November 2019
3,664,100	2.44	28 November 2015 to 27 November 2019
41,409,000	2.196	17 October 2018 to 16 October 2023
45,128,000	2.196	17 October 2019 to 16 October 2023
45,404,000	2.196	17 October 2020 to 16 October 2023
138,354,900		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

38. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The fair value of the share options granted during the year ended 31 December 2016 was HK$80,332,000 (HK$0.47 each), of which the Group recognised a share option expense of HK$14,328,000 (equivalent to RMB12,604,000) (2018: RMB21,911,000) during the year ended 31 December 2019.

The 46,502,100 share options exercised during the year resulted in the issue of 46,502,100 ordinary shares of the Company and new share capital of HK$126,989,000 (equivalent to RMB110,023,000) (before issue expenses), as further detailed in note 37 to the financial statements.

New Scheme

On 29 January 2019, a new share option scheme (the "New Scheme") was adopted by the Company to enhance the Company's continuous commitment to eligible participants and enhance them to pursue the objectives of the Company. On 8 February 2019, an aggregate of 265,950,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$3.99 per share. One-third of the share options granted will be vested in two years from 8 February 2019, one-third of the share options granted will be vested in three years from 8 February 2019 and one-third of the options granted will be vested in four years from 8 February 2019. Once the share options are vested, they are exercisable until 7 February 2026.

On 9 September 2019, an aggregate of 9,000,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$4.58 per share. One-third of the share options granted will be vested in two years from 9 September 2019, one-third of the share options granted will be vested in three years from 9 September and one-third of the options granted will be vested in four years from 9 September. Once the share options are vested, they are exercisable until 8 September 2026.

According to the terms of the New Scheme, the board of directors shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the adoption date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or the equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

38. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the New Scheme during the year:

	2019 Weighted average exercise price HK$ per share	Number of options
At 1 January	–	–
Granted during the year	4.01	274,950,000
Forfeited during the year	3.99	(5,850,000)
At 31 December	4.01	269,100,000

The exercise prices and exercise periods of the share options outstanding under the New Scheme as at the end of the reporting period are as follows:

2019

Number of options	Exercise price* HK$ per share	Exercise period
86,694,000	3.99	8 February 2021 to 7 February 2026
86,694,000	3.99	8 February 2022 to 7 February 2026
86,712,000	3.99	8 February 2023 to 7 February 2026
3,000,000	4.58	9 September 2021 to 8 September 2026
3,000,000	4.58	9 September 2022 to 8 September 2026
3,000,000	4.58	9 September 2023 to 8 September 2026
269,100,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

38. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

The fair value of the share options granted during the year ended 31 December 2019 was HK$257,594,000, of which the Group recognised a share option expense of HK$81,174,000 (equivalent to RMB71,412,000) during the year ended 31 December 2019.

The fair value of equity settled share options granted during the year ended 31 December 2019 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	4.80 – 5.26
Expected volatility (%)	37.65 – 41.15
Historical volatility (%)	37.65 – 41.15
Risk-free interest rate (%)	1.15 – 1.63
Contractual life of options (year)	7.00
Exercise multiple (times)	1.5 – ∞
Weighted average share price (HK$ per share)	3.99 – 4.58

The expected life of the options is calculated based on the average of weighted vesting period and contractual period. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 89,258,000 share options outstanding under the 2007 Scheme and 269,100,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 358,358,000 additional ordinary shares of the Company and additional share capital of HK$1,275,030,000 (equivalent to RMB1,121,694,000) (before issue expenses).

39. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 166 to 167 of the financial statements.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Hedging reserve

The hedging reserve represents reserves related to net investment hedges and cash flow hedges.

40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2019			
Percentage of equity interest held by non-controlling interests	**72.50%**	**73.50%**	**33.23%**
(Loss)/profit for the year allocated to non-controlling interests	**(31,777)**	**162,170**	**81,864**
Dividends declared to non-controlling interests	**–**	**–**	**173,758**
Accumulated balances of non-controlling interests at the reporting date	**2,118,243**	**3,435,124**	**1,766,603**

	Jin Mao Hangzhou RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2018			
Percentage of equity interest held by non-controlling interests	50%	73.50%	33.23%
Profit/(loss) for the year allocated to non-controlling interests	13,656	(22,878)	83,214
Dividends declared to non-controlling interests	–	–	203,469
Accumulated balances of non-controlling interests at the reporting date	1,594,820	3,272,954	1,926,215

40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2019			
Revenue	**1,983**	**1,629,011**	**2,473,670**
Total expenses	**(45,814)**	**(1,408,372)**	**(2,227,315)**
(Loss)/profit for the year	**(43,831)**	**220,639**	**246,355**
Total comprehensive (loss)/income for the year	**(43,831)**	**220,639**	**153,223**
Current assets	**7,383,027**	**9,677,018**	**896,248**
Non-current assets	**3,225,715**	**376**	**17,115,259**
Current liabilities	**(7,365,102)**	**(3,828,407)**	**(8,389,723)**
Non-current liabilities	**(321,604)**	**(1,167,314)**	**(4,161,624)**
Net cash flows from operating activities	**4,621,579**	**3,733,050**	**620,182**
Net cash flows used in investing activities	**(846)**	**(1,149,956)**	**(140,050)**
Net cash flows used in financing activities	**(3,491,358)**	**(2,470,689)**	**(533,885)**
Net increase/(decrease) in cash and cash equivalents	**1,129,375**	**112,405**	**(53,753)**

	Jin Mao Hangzhou RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2018			
Revenue	–	–	2,564,936
Total expenses	27,312	(31,127)	(2,314,518)
Profit/(loss) for the year	27,312	(31,127)	250,418
Total comprehensive income/(loss) for the year	27,312	(31,127)	(36,245)
Current assets	7,981,432	8,391,818	1,013,185
Non-current assets	2,813,495	11,152	17,018,215
Current liabilities	(7,605,287)	(2,890,136)	(8,687,414)
Non-current liabilities	–	(1,056,973)	(3,514,154)
Net cash flows from/(used in) operating activities	1,139,793	(1,004,438)	697,784
Net cash flows used in investing activities	(1,601,639)	(551,378)	(211,410)
Net cash flows (used in)/from financing activities	(1,031,489)	1,718,506	(647,208)
Net (decrease)/increase in cash and cash equivalents	(1,493,335)	162,690	(160,834)

41. BUSINESS COMBINATION

Business combination during the year mainly included the acquisitions of a number of property development companies and acquisition of additional interests in joint ventures and associates (collectively referred to as the "Acquirees"). The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB346,240,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2019 (note 5).

The Group has elected to measure the non-controlling interest in the Acquirees at the non-controlling interest's proportionate share of the Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	13	154,654
Right-of-use assets	18(b)	20,690
Intangible assets	19	543
Properties under development	14	9,996,192
Properties held for sale		11,527,779
Deferred tax assets	35	175,748
Prepayments, other receivables and other assets		4,995,758
Prepaid tax		681,468
Restricted bank balance		5,705
Cash and cash equivalents		1,526,634
Trade and bills payables		(431,963)
Other payables and accruals		(17,108,997)
Interest-bearing bank and other borrowings	43	(6,680,625)
Lease liabilities	18(c), 43	(8,856)
Deferred tax liabilities	35	(440,671)
Total identifiable net assets at fair value		4,414,059
Non-controlling interests		(793,305)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5,6	(401,970)
		3,218,784
Satisfied by:		
Cash		1,318,088
Fair value of equity interest previously held as investments in joint ventures and associates		1,900,696
Total purchase consideration		3,218,784

41. BUSINESS COMBINATION (Continued)

The fair values of its other receivables as at the date of acquisition amounted RMB4,995,758,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,206,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB401,970,000 in the consolidated statement of profit or loss for the year ended 31 December 2019, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(1,318,088)
Cash and bank balances acquired	1,526,634
Net inflow of cash and cash equivalents included in cash flows from investing activities	208,546
Transaction costs of the acquisition included in cash flows used in operating activities	(1,206)
	207,340

Since the acquisition, the Acquirees contributed RMB7,211,925,000 to the Group's revenue and incurred a loss of RMB177,996,000 to the consolidated profit for the year ended 31 December 2019 in aggregate.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB45,294,875,000 and RMB8,819,270,000, respectively.

42. DISPOSAL OF SUBSIDIARIES

During the years ended 31 December 2019 and 31 December 2018, the Group lost control over certain subsidiaries.

	Notes	2019 RMB'000	2018 RMB'000
Net assets disposed of:			
Property, plant and equipment	13	**1,034**	3,319
Intangible assets	19	**–**	156
Deferred tax assets	35	**23,371**	5,586
Cash and cash equivalents		**1,761,490**	2,198,191
Properties under development	14	**8,095,596**	11,421,201
Properties held for sale		**1,112,315**	–
Prepayments, other receivables and other assets		**3,178,688**	430,023
Prepaid tax		**486,314**	44,735
Trade and bills payables		**(591,881)**	(200,719)
Other payables and accruals		**(6,925,100)**	(10,046,053)
Interest-bearing bank and other borrowings	43	**(4,384,363)**	(2,822,952)
		2,757,464	1,033,487
Non-controlling interests		**(799,612)**	–
		1,957,852	1,033,487
Gain on disposal of subsidiaries	5	**1,018,026**	72,240
		2,975,878	1,105,727
Satisfied by:			
Cash		**1,652,586**	12,000
Fair value of interests retained by the Group		**1,323,292**	1,093,727
		2,975,878	1,105,727

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2019 RMB'000	2018 RMB'000
Cash consideration	**1,652,586**	12,000
Cash and cash equivalents disposed of	**(1,761,490)**	(2,198,191)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(108,904)**	(2,186,191)

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB169,143,000 (including those classified under investment properties of RMB63,025,000) and RMB169,143,000, respectively (2018: Nil).

(b) Changes in liabilities arising from financing activities:

2019

	Bank and other loans RMB'000	Payable to non-controlling shareholders and others RMB'000	Amount due to immediate holding company RMB'000	Lease liabilities RMB'000
At 31 December 2018	87,972,658	15,855,878	–	–
Effect of adoption of HKFRS 16	–	–	–	96,004
At 1 January 2019 (restated)	87,972,658	15,855,878	–	96,004
Changes from financing cash flows	5,173,543	(4,032,700)	(954,950)	(85,824)
Foreign exchange movement	593,673	–	–	–
New leases	–	–	–	169,143
Interest expense	–	–	–	7,430
2018 final dividends	–	–	507,871	–
2019 interim dividends	–	–	447,079	–
Dividends to non-controlling shareholders	–	931,616	–	–
Increase arising from acquisition of subsidiaries (note 41)	6,680,625	–	–	8,856
Decrease arising from disposal of subsidiaries (note 42)	(4,384,363)	–	–	–
At 31 December 2019	96,036,136	12,754,794	–	195,609

2018

	Bank and other loans RMB'000	Payable to non-controlling shareholders and others RMB'000	Amount due to immediate holding company RMB'000
At 1 January 2018	71,331,481	12,591,390	–
Changes from financing cash flows	17,562,591	3,264,488	(1,446,749)
Foreign exchange movement	1,575,618	–	–
2017 final dividends	–	–	847,811
2018 interim dividends	–	–	598,938
Increase arising from acquisition of subsidiaries	325,920	–	–
Decrease arising from disposal of subsidiaries (note 42)	(2,822,952)	–	–
At 31 December 2018	87,972,658	15,855,878	–

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 RMB'000
Within operating activities	**14,187**
Within investing activities	**–**
Within financing activities	**85,824**
	100,011

44. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has provided guarantees amounting to approximately RMB22,867,719,000 (2018: RMB23,836,930,000) in respect of mortgage facilities for certain purchasers of the Group's properties.

45. COMMITMENTS

(a) The Group had the following commitments at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Contracted, but not provided for:		
Properties under development	**35,050,688**	31,098,998
Land under development	**2,313,463**	1,566,159
Property, plant and equipment	**4,438**	9,789
Capital contributions to joint ventures and associates	**5,252,714**	2,672,607
	42,621,303	35,347,553

(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its office properties under operating lease arrangements. Leases for properties were negotiated for terms ranging from one to five years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 RMB'000
Within one year	41,929
In the second to fifth years, inclusive	59,144
	101,073

(c) The Group has various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are RMB5,518,000 due within one year.

46. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2019 RMB'000	2018 RMB'000
Fellow subsidiaries:			
Rental income*	(i)	**229,996**	202,030
Property management fee income*	(i)	**38,835**	38,051
Interest expense*	(ii)	**116,745**	38,619
Interest income*	(iii)	**105,441**	14,359
Building decoration service income	(i)	**6,894**	19,270
The immediate holding company:			
Rental expense	(i)	**5,229**	4,406
Interest expense	(ii)	**278,928**	121,115
An intermediate holding company:			
Rental income*	(i)	**84,568**	88,156
Property management fee income*	(i)	**11,698**	11,247
Interest expense	(v)	**91,927**	–
Building decoration service income	(i)	**2,788**	–
The ultimate holding company:			
Rental income*	(i)	**7,910**	7,910
Joint ventures:			
Interest income	(iv)	**1,605,299**	755,575
Interest expense	(v)	**48,461**	–
Consulting fee expense	(i)	**237,566**	142,586
Rental income	(i)	**3,793**	1,610
Property management fee income	(i)	**91,998**	42,224
Building decoration service income	(i)	**266,404**	74,455
Consulting fee income	(i)	**33,258**	30,360
Associates:			
Interest income	(iv)	**747,936**	134,657
Interest expense	(v)	**5,745**	11
Property management fee income	(i)	**47,921**	31,135
Building decoration service income	(i)	**245,830**	78,521
Consulting fee income	(i)	**60,538**	21,504
An associate of the Group's ultimate holding company:			
Rental income	(i)	**8,155**	36,740
Property management fee income	(i)	**34**	4,976
The substantial shareholder:			
Interest income*	(vi)	**30,042**	–
Interest expense	(vii)	**46,487**	–

46. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 3.21% to 7.00% (2018: 3.01% to 3.10%) per annum.

(iii) The interest income was determined at rates ranging from 0.35% to 3.15% (2018: 0.35% to 2.18%) per annum.

(iv) The interest income was determined at rates ranging from 0.35% to 15.56% (2018: 2.46% to 10.26%) per annum.

(v) The interest expense was charged at rates ranging from 1.50% to 9.00% (2018: 7.00%) per annum.

(vi) The interest income was determined at rates ranging from 2.18% to 2.75% (2018: Nil) per annum.

(vii) The interest expense was charged at a rate of 5.50% (2018: Nil) per annum.

* A certain portion of these related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

	2019 RMB'000	2018 RMB'000
Short term employee benefits	**60,912**	59,904
Post-employment benefits	**3,154**	2,444
Equity-settled share option expense	**6,162**	1,499
Total compensation paid to key management personnel	**70,228**	63,847

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management services and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2019				2018			
	Financial assets at fair value through profit or loss				Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets								
Trade receivables	–	–	1,445,864	1,445,864	–	–	789,588	789,588
Financial assets included in prepayments, other receivables and other assets	–	–	21,861,857	21,861,857	–	–	16,150,987	16,150,987
Due from related parties	–	–	44,013,972	44,013,972	–	–	38,974,577	38,974,577
Due from non-controlling shareholders	–	–	1,069,839	1,069,839	–	–	3,625,331	3,625,331
Other financial assets	96,351	230,000	–	326,351	1,061,480	180,000	–	1,241,480
Derivative financial instruments	–	–	–	–	–	847	–	847
Long-term time deposit	–	–	3,300,000	3,300,000	–	–	–	–
Restricted bank balances	–	–	7,486,609	7,486,609	–	–	4,457,579	4,457,579
Cash and cash equivalents	–	–	17,194,702	17,194,702	–	–	21,324,200	21,324,200
	96,351	230,000	96,372,843	96,699,194	1,061,480	180,847	85,322,262	86,564,589

47. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	2019			2018		
	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities						
Trade and bills payables	–	18,995,534	18,995,534	–	11,692,844	11,692,844
Financial liabilities included in other payables and accruals (note 31)	–	16,453,050	16,453,050	–	20,884,710	20,884,710
Derivative financial instruments	53,124	–	53,124	44,769	–	44,769
Due to related parties	–	30,675,182	30,675,182	–	15,885,404	15,885,404
Interest-bearing bank and other borrowings	–	96,036,136	96,036,136	–	87,972,658	87,972,658
Lease liabilities	–	195,609	195,609	–	–	–
Long-term payables	–	70,000	70,000	–	–	–
	53,124	162,425,511	162,478,635	44,769	136,435,616	136,480,385

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Financial assets				
Derivative financial instruments	–	847	–	847
Other financial assets	326,351	1,241,480	326,351	1,241,480
Financial liabilities				
Derivative financial instruments	53,124	44,769	53,124	44,769
Interest-bearing bank and other borrowings	96,036,136	87,972,658	97,339,102	88,668,471

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, long-term time deposit, trade receivables, financial assets included in prepayments, other receivables and other assets, wealth management products included in other financial assets at fair value through profit or loss, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through profit or loss included in other financial assets, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments are measured using present value calculations or similar calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Fair value measurement using significant observable inputs (Level 2)

	2019 RMB'000	2018 RMB'000
Derivative financial instruments	–	847
Other financial assets	**326,351**	1,241,480

The Group's assets were neither categorised in Level 1 nor Level 3 as at 31 December 2019 (2018: Nil).

Liabilities measured at fair value:

Fair value measurement using significant observable inputs (Level 2)

As at 31 December 2019

	2019 RMB'000	2018 RMB'000
Derivative financial instruments	**53,124**	44,769

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

Assets for which fair values are disclosed:

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2018 and 2019.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	**27,584,520**	**69,754,582**	**–**	**97,339,102**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	18,589,681	70,078,790	–	88,668,471

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative financial instruments, including forward currency contracts and interest rate swaps. The purpose is to manage foreign currency risk arising from the Group's net investment in foreign operations, and to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2019		
RMB	**25**	**(46,092)**
US$	**25**	**(10,858)**
HK$	**25**	**(25,445)**
RMB	**(25)**	**46,092**
US$	**(25)**	**10,858**
HK$	**(25)**	**25,445**
31 December 2018		
RMB	25	(48,002)
US$	25	(6,343)
HK$	25	(38,205)
RMB	(25)	48,002
US$	(25)	6,343
HK$	(25)	38,205

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars and Hong Kong dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group have used derivative financial instruments to reduce the exposure to foreign currency borrowings.

The Group entered into the derivative financial instruments in respect of the cash flow hedges to minimise the foreign currency exposures as detailed in note 32 to the financial statements. It's the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and US$ on the Group's profits for the years ended 31 December 2019 and 2018.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2019 RMB'000	Increase/ (decrease) in profit for the year 2018 RMB'000
+1%	**(164,331)**	(121,208)
-1%	**164,331**	121,208

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2019 and 2018.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2019 RMB'000	Increase/ (decrease) in profit for the year 2018 RMB'000
+5%	**979**	1,084
-5%	**(979)**	(1,084)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	267,009	267,009
Trade receivables*	–	–	–	1,445,864	1,445,864
Financial assets included in prepayments, other receivables and other assets					
– Normal**	21,861,857	–	–	–	21,861,857
Due from non-controlling shareholders	1,069,839	–	–	–	1,069,839
Due from related parties	44,013,972	–	–	–	44,013,972
Other financial assets	326,351	–	–	–	326,351
Long-term time deposit					
– Not yet past due	3,300,000	–	–	–	3,300,000
Restricted bank balances					
– Not yet past due	7,486,609	–	–	–	7,486,609
Cash and cash equivalents					
– Not yet past due	17,194,702	–	–	–	17,194,702
	95,253,330	–	–	1,712,873	96,966,203

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	–	–	–	154,500	154,500
Trade receivables*	–	–	–	789,588	789,588
Financial assets included in prepayments, other receivables and other assets					
– Normal**	16,150,987	–	–	–	16,150,987
Other financial assets	1,241,480	–	–	–	1,241,480
Restricted bank balances					
– Not yet past due	4,457,579	–	–	–	4,457,579
Cash and cash equivalents					
– Not yet past due	21,324,200	–	–	–	21,324,200
	43,174,246	–	–	944,088	44,118,334

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 23 and 25 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2019				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	30,178,188	22,237,272	38,204,185	14,855,638	105,475,283
Lease liabilities	91,418	54,688	43,431	70,876	260,413
Trade and bills payables	18,995,534	–	–	–	18,995,534
Other payables	16,453,050	–	–	–	16,453,050
Derivative financial instruments	18,133	8,349	26,642	–	53,124
Due to related parties	30,675,182	–	–	–	30,675,182
Long-term payables	11,305	17,211	51,633	–	80,149
	96,422,810	22,317,520	38,325,891	14,926,514	171,992,735

	2018				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	25,545,021	23,446,626	42,473,085	6,778,898	98,243,630
Trade and bills payables	11,692,844	–	–	–	11,692,844
Other payables	20,884,710	–	–	–	20,884,710
Derivative financial instruments	–	11,974	32,795	–	44,769
Due to related parties	15,885,404	–	–	–	15,885,404
	74,007,979	23,458,600	42,505,880	6,778,898	146,751,357

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain financial assets at fair value through profit or loss. Adjusted capital comprises all components of equity (including non-controlling interests) and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Note	2019 RMB'000	2018 RMB'000
Interest-bearing bank and other borrowings	33	**96,036,136**	87,972,658
Less: Cash and cash equivalents, restricted bank balances and certain other financial assets		**(24,682,388)**	(26,783,978)
Net debt		**71,353,748**	61,188,680
Total equity		**85,858,181**	78,265,267
Add: The Company's amounts due to the immediate holding company		**10,065,072**	7,859,546
Adjusted capital		**95,923,253**	86,124,813
Net debt-to-adjusted-capital ratio		**74.4%**	71.0%

50. EVENT AFTER THE REPORTING PERIOD

(a) On 12 March 2020, Beijing Franshion Yicheng Properties Company Limited ("Yicheng Properties"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Sinochem Asset Management Co., Ltd. ("Sinochem Asset"), pursuant to which Yicheng Properties agreed to acquire 100% equity interests of Wuhan Huazi Enterprise Management Consulting Co., Ltd. ("Wuhan Huazi") from Sinochem Asset at a cash consideration of RMB6,850,000,000. Wuhan Huazi and its subsidiaries are principally engaged in the development, construction and operation of real estate projects in Qingdao, Tianjin and Wuhan, the PRC. Upon completion of the acquisition, Wuhan Huazi will become a wholly-owned subsidiary of the Group. The Group is in the process of seeking approval from its independent shareholders in respect of the aforesaid acquisition, and will publish an announcement on the voting results of the general meeting in due course.

(b) On 13 March 2020, Jinmao Investment Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, has completed the issue of the medium-term notes with an aggregate principal amount of RMB2,500,000,000. The medium-term notes have a term of 3 years with a fixed rate of 3.1% per annum.

50. EVENT AFTER THE REPORTING PERIOD (Continued)

(c) On 18 February 2020, China Jin Mao (Group) Co. Ltd. ("China Jin Mao (Group)"), a non-wholly-owned subsidiary of the Company, has completed the issue of the super & short-term commercial paper in the national interbank market in the PRC, of an amount of RMB800,000,000 and with a maturity period of 270 days and an interest rate of 2.9% per annum.

On 19 March 2020, China Jin Mao (Group) has completed the issue of the medium-term note in the national inter-bank market in the PRC, of an amount of RMB500,000,000 and with a maturity period of three years and an interest rate of 3.28% per annum.

(d) The unexpected outbreak of coronavirus (COVID-19) has produced an adverse impact on the economy, including the real estate sector, in Mainland China in 2020. It is expected that the performance of the Group's hotel operations and the commercial leasing and retail operations in the first half of 2020 will be negatively affected. Besides, the pandemic also created uncertainties on the Group's city operations and property development operation.

Management of the Group will actively take measures to control the operating and labor costs of its hotels, pay attention to cash flow management, integrate external resources and adjust business plans to make full preparation for business recovery after the pandemic.

Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

51. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, the Group adopted HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**112**	84
Right-of-use assets	**212**	–
Investments in subsidiaries	**24,199,756**	23,303,848
Total non-current assets	**24,200,080**	23,303,932
CURRENT ASSETS		
Due from subsidiaries	**63,569,478**	53,347,891
Prepayments, other receivables and other assets	**851,866**	25,815
Due from related parties	**1,392**	1,239
Cash and cash equivalents	**1,654,390**	365,650
Total current assets	**66,077,126**	53,740,595
CURRENT LIABILITIES		
Other payables and accruals	**352,861**	307,575
Due to related parties	**11,481,289**	7,880,281
Interest-bearing bank and other borrowings	**9,701,731**	3,405,733
Lease liabilities	**180**	–
Total current liabilities	**21,536,061**	11,593,589
NET CURRENT ASSETS	**44,541,065**	42,147,006
TOTAL ASSETS LESS CURRENT LIABILITIES	**68,741,145**	65,450,938
NON-CURRENT LIABILITIES		
Due to subsidiaries	**33,461,753**	26,399,240
Interest-bearing bank and other borrowings	**11,948,399**	17,302,455
Derivative financial instruments	**34,991**	32,794
Total non-current liabilities	**45,445,143**	43,734,489
Net assets	**23,296,002**	21,716,449
EQUITY		
Share capital	**21,250,860**	20,416,452
Reserves (note)	**2,045,142**	1,299,997
Total equity	**23,296,002**	21,716,449

Li Congrui
Director

Jiang Nan
Director

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2018	(1,216,958)	–	35,320	3,130,113	1,948,475
Repurchases of shares	–	–	–	(88,011)	(88,011)
Final 2017 dividend declared	–	–	–	(1,700,592)	(1,700,592)
2018 interim dividend declared	–	–	–	(1,201,481)	(1,201,481)
Total comprehensive income for the year	1,069,950	(32,794)	–	1,284,719	2,321,875
Equity-settled share option arrangements	–	–	21,911	–	21,911
Exercise of share options	–	–	(2,180)	–	(2,180)
Transfer of share option reserve upon the forfeiture of share options	–	–	(3,364)	3,364	–
At 31 December 2018 and 1 January 2019	(147,008)	(32,794)	51,687	1,428,112	1,299,997
Final 2018 dividend declared	–	–	–	(1,018,798)	(1,018,798)
2019 interim dividend declared	–	–	–	(1,273,730)	(1,273,730)
Total comprehensive income for the year	547,355	(2,197)	–	2,428,728	2,973,886
Equity-settled share option arrangements	–	–	84,016	–	84,016
Exercise of share options	–	–	(20,229)	–	(20,229)
Transfer of share option reserve upon the forfeiture of share options	–	–	(2,545)	2,545	–
At 31 December 2019	400,347	(34,991)	112,929	1,566,857	2,045,142

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

Five-Year Financial Information

31 December 2019

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2015 RMB'000 (Restated)	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000
RESULTS					
Revenue	17,770,703	27,304,073	31,074,845	38,732,667	**43,355,941**
Cost of sales	(10,899,486)	(17,099,317)	(21,034,199)	(24,194,452)	**(30,591,198)**
Gross profit	6,871,217	10,204,756	10,040,646	14,538,215	**12,764,743**
Other income and gains	2,190,084	1,493,026	3,850,901	2,722,393	**6,112,103**
Selling and marketing expenses	(787,335)	(804,573)	(977,448)	(1,051,610)	**(1,314,262)**
Administrative expenses	(1,235,896)	(1,561,732)	(2,143,024)	(2,417,509)	**(3,052,246)**
Other expenses and losses, net	(88,333)	(239,810)	(316,886)	(36,146)	**(6,916)**
Finance costs	(456,415)	(728,662)	(1,692,438)	(2,420,573)	**(2,269,058)**
Share of profits and losses of:					
Joint ventures	(12,999)	(43,748)	31,410	369,183	**722,390**
Associates	(72,066)	(28,459)	31,622	10,749	**(132,653)**
PROFIT BEFORE TAX	6,408,257	8,290,798	8,824,783	11,714,702	**12,824,101**
Income tax expense	(2,307,172)	(3,717,116)	(3,674,581)	(4,337,978)	**(4,194,983)**
PROFIT FOR THE YEAR	4,101,085	4,573,682	5,150,202	7,376,724	**8,629,118**
Attributable to:					
Owners of the parent	3,045,520	2,535,515	3,977,712	5,210,888	**6,452,210**
Non-controlling interests	1,055,565	2,038,167	1,172,490	2,165,836	**2,176,908**
	4,101,085	4,573,682	5,150,202	7,376,724	**8,629,118**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2015 RMB'000 (Restated)	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000
Total non-current assets	71,328,044	80,621,263	104,766,510	124,211,956	**154,516,386**
Total current assets	61,798,355	86,282,853	117,277,869	147,426,287	**171,632,141**
Total assets	133,126,399	166,904,116	222,044,379	271,638,243	**326,148,527**
Total current liabilities	45,413,601	71,382,264	107,074,051	122,090,860	**164,782,063**
Total non-current liabilities	38,364,088	39,777,772	48,526,616	71,282,116	**75,508,283**
Total liabilities	83,777,689	111,160,036	155,600,667	193,372,976	**240,290,346**
Equity attributable to:					
Owners of the parent	33,547,922	31,626,291	32,852,097	35,796,236	**39,372,187**
Non-controlling interests	15,800,788	24,117,789	33,591,615	42,469,031	**46,485,994**
Total equity	49,348,710	55,744,080	66,443,712	78,265,267	**85,858,181**

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