中国地利集团
China Dili Group

(formerly known as Renhe Commercial Holdings Company Limited 人和商業控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1387)

ANNUAL REPORT 2019

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Corporate Information

Directors

Executive Directors

Wang Yan (Chairman)
Dai Bin (Chief Executive Officer)

Non-Executive Directors

Yin Jianhong
Yang Yuhua

Independent Non-Executive Directors

Fan Ren-Da, Anthony
Wang Yifu
Leung Chung Ki
Tang Hon Man

Audit Committee

Fan Ren-Da, Anthony (Chairman)
Wang Yifu
Yang Yuhua

Remuneration Committee

Tang Hon Man (Chairman)
Wang Yan
Wang Yifu

Nomination Committee

Tang Hon Man (Chairman)
Wang Yan
Wang Yifu

Authorised Representatives

Wang Yan
Hung Fan Kwan FCPA, FCCA

Company Secretary

Hung Fan Kwan FCPA, FCCA

Auditors

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

Registered Office

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Cayman Islands

Principal Place of Business in Hong Kong

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Nanshan District
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Hong Kong Share Registrar

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Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 1387

Investor Relations

Company Website: www.diligrp.com
Email: ir@dili.com.hk

Chairman's Statement

2019 was the first year of the implementation of the Group's transformation and upgrade strategies. In the beginning of 2019, the Group affirmed the overall business strategy of transforming into an advanced fresh food distribution service provider and supplier. To support the transformation, we first laid out a brand new group organization structure and management system. With the hard-work and contribution made by all our staff, the Group had successfully turned around and recorded a net profit of RMB570 million for the year 2019.

During the year, we had established a new internal management system with streamlined mechanisms and higher standards in five areas, including human resources, finance management, information technology, corporate culture and corporate branding. These form the solid foundation for implementing our strategies. In addition, we have optimized our internal staff structure, which together with the application of advanced information technology in operation level, enable us to achieve higher operation efficiency and lower our overall operating costs.

We have also completed the building of a digital platform for our integrated fresh food distribution services. This digital platform enhances the Group's capabilities in several aspects, including the full-function and full-industry supply chain service, customer services, product innovation and information technology support, so that the Group can better serve its customers. The digital platform also assists us in training for new talents and to set various standards in the operation and management of our agriculture wholesale markets.

In the second-half of 2019, the Group completed the acquisition of 19% equity interests in "Dili Fresh", the downstream fresh food retail business. The acquisition is one of the key milestones for the Group's transformation. Dili Fresh's sizeable consumption of fresh food products creates stable demand for supply chain services, which supports the scale and continuous growth for the Group's supply chain service business. The synergies created with Dili Fresh also provide a competitive edge for the Group's position within the fresh food industry in China. In addition, the Group also kick-started the new project in Kunming, namely the Kunming International Agricultural Produce Logistic Park (昆明國際農產品物流園), and have completed the acquisition of the relevant land site through the government open auction procedures. The new project will be an important layout within the Group's strategic position in the fresh food distribution industry. The city of Kunming is not just an important production and distribution hub of premium fruits and various special vegetables grown in the highland area, but is also a key distribution center for agricultural produce imported from Southeast Asia region. It has an invaluable strategic position in both the upstream and downstream segment along the fresh food circulation industry chain. Furthermore, the Group is also accelerating the acquisition of the land and related assets of the existing 7 wholesale markets.

Finally, on behalf of China Dili Group, I would like to thank all of our shareholders, directors and our business partners for their trust and support throughout the years. All staff members of our Group will continue to take our mission of "empowering China's food distribution" as their first priority and keep striving to become the most trusted provider of fresh food distribution services in China.

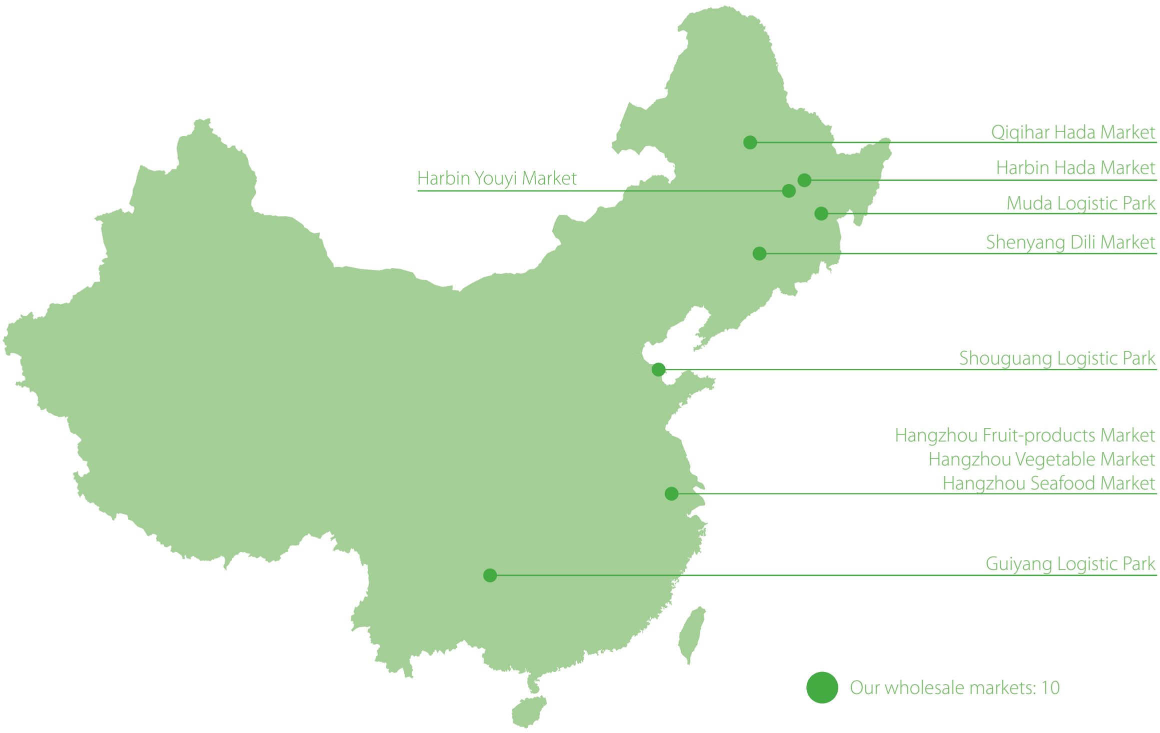
Wang Yan
Chairman

26 March 2020

Management Discussion and Analysis

Our Business

The Group currently operates 10 wholesale markets in 7 cities in the People's Republic of China (the "PRC").



Hangzhou Dili Logistic Park Cluster* (杭州地利物流園集群) (the "Hangzhou Dili Cluster")

An innovative logistic park with electronic settlement & big data

The Hangzhou Dili Cluster consists of 3 markets, namely a fruit-products market, a vegetable market and a seafood market. The Hangzhou Dili Cluster is the largest agriculture wholesale market in Hangzhou.

The 3 markets within Hangzhou Dili Cluster were rebranded as Hangzhou Dili Logistic Park after completion of the Group's acquisition from an independent third party in July 2018.

The Hangzhou Dili Cluster has become a key logistic hub for agricultural produce within the Yangtze River Delta and surrounding regions. The supply of fruit, vegetable and seafood takes up approximately 70% of the local demand. At the same time, it serves a more extended area, including other cities in Zhejiang Province as well as Jiangsu Province, Anhui Province, Jiangxi Province and Hubei Province.

One of the prominent features of the Hangzhou Dili Cluster is the full implementation of electronic settlement as well as the big data system which collects, analyzes and makes use of trading and logistic data collected from the markets. The Hangzhou Dili Cluster is the pioneer in promoting integration and use of internet in the traditional agriculture wholesale market business.

No. of wholesale markets	Total GFA#	Total annual trading volume
3	Approximately 245,017 sq.m.	Approximately 1.63 million tonnes

* *For identification purpose only.*

\# "GFA" represents Gloss Floor Area.

Shenyang Shouguang Dili Agricultural Produce and Side Products Market* (瀋陽壽光地利農副產品市場) ("Shenyang Dili Market")

The largest transit center for agricultural products in Northeast China & fruits logistics hub

Shenyang Dili Market consists of two large markets, namely Shenyang Fruit Market and Shenyang Fruit and Vegetable Market, and two smaller markets for commodity and condiments, and seafood respectively. Shenyang Dili Market provides full categories of all agricultural produce. Shenyang Fruit Market is an old market where its operation dates back to mid-1990s. The Shenyang Dili Market is located in Dadong District within the city of Shenyang.

Shenyang Dili Market supplies more than 90% of local fruit market, and 50% the fruits from the market is supplied to the three provinces of Northeast China and Inner Mongolia region.

Shenyang Dili Market plays a decisive role in Northeast China as it's the major transit center for agricultural produce and side products in Northeast China as well as the largest fruits logistics hub in Northeast China.

No. of wholesale markets	Total GFA#	Total annual trading volume
1 (divided into several markets for different commodities)	Approximately 268,571 sq.m.	Approximately 2.15 million tonnes

Guiyang Agricultural Produce Logistic Park* (貴陽農產品物流園) ("Guiyang Logistic Park")

The logistic hub in Southwest China

Guiyang Logistic Park is our Group's only wholesale market in Southwest China. It includes large-scale vegetable and fruit market, as well as markets for frozen food, grain and oil and condiments.

Through years of our efforts, Guiyang Logistic Park has now become the largest agricultural produce distribution center among the nine provinces of Southwest and Northwest region of China and extended its geographical coverage to Guangxi Province, Hunan Province and Hubei Province.

Guiyang Logistic Park is an integrated wholesale market, it covers outward distribution of product produced locally, as well as inward sales of agricultural produce from the outside regions. It provides full categories of agricultural produce and distribution channels for the poverty alleviation program promoted by the State.

No. of wholesale markets	Total GFA#	Total annual trading volume
1	Approximately 187,081 sq.m.	Approximately 1.65 million tonnes

* *For identification purpose only.*

\# "GFA" represents Gloss Floor Area.

Heilongjiang Dili Logistic Park Cluster (黑龍江地利物流園集群) (the "Heilongjiang Dili Cluster")

Multi-level markets with focus on regional coverage and foreign trade

The Heilongjiang Dili Cluster includes 4 markets in Heilongjiang Province, including (1) Harbin Hada Agricultural Produce and Side Products Market* (哈爾濱哈達農副產品批發市場) ("Harbin Hada Market") which forms the core of the cluster, supported by (2) Qiqihar Hada Agricultural Produce Market* (齊齊哈爾哈達農產品市場) ("Qiqihar Hada Market"); (3) Muda International Agricultural Produce Logistic Park* (牡丹江國際農產品物流園) ("Muda Logistic Park") and (4) Harbin Youyi Agricultural Produce Market* (哈爾濱友誼農產品市場) ("Harbin Youyi Market"). These four markets form a multi-level cluster.

The geographical reach of the Heilongjiang Dili Cluster covers more than 50 cities and counties in Heilongjiang Province, Jilin Province and East of Inner Mongolia region.

Muda Logistic Park, which is part of the Heilongjiang Dili Cluster, focuses on Sino-Russian trade activities.

No. of wholesale markets	Total GFA#	Total annual trading volume
4	Approximately 442,623 sq.m.	Approximately 1.64 million tonnes

China Shouguang Agricultural Produce Logistic Park* (中國壽光農產品物流園) ("Shouguang Logistic Park")

Largest integrated agriculture logistic park in Asia

Shouguang Logistic Park is currently the largest integrated agriculture logistic park in Asia in terms of site area which amounts to 1,123,925 sq.m.. The park is divided into 6 functional zones, including fruit trading, vegetable trading, seeds trading and e-commerce business zones etc. Shouguang Logistic Park is the logistic hub of vegetable circulation linking the southern and northern part of China. It also serves as a key center nationwide for functions like national price setting for vegetables, trading information and logistic distribution.

The price indices created from the Shouguang Logistic Park serves as the approved national official price indices in China.

No. of wholesale markets	Total GFA#	Total annual trading volume
1	Approximately 545,457 sq.m.	Approximately 0.87 million tonnes

* *For identification purpose only.*

\# "GFA" represents Gloss Floor Area.

Business Review

Hada Acquisition

In 2018, the Group announced and our shareholders approved the acquisition from New Amuse Limited (as the vendor), an associate of our controlling shareholders, for the land and properties on which the then 7 existing agriculture wholesale markets of the Group operated in the PRC, at a consideration of RMB5.4 billion (the "Hada Acquisition").

The original long stop date for the completion of the Hada Acquisition was 31 December 2018. The parties to the Hada Acquisition had agreed to extend such long stop date to 30 June 2019, 30 September 2019 and 31 December 2019 respectively for satisfaction (or waiver, if applicable) of all conditions precedent under the Hada Acquisition agreement. Announcements for these extensions had been made on 27 December 2018, 26 June 2019 and 30 September 2019 respectively.

The Company was informed by New Amuse Limited before the end of 2019 that certain conditions precedents were yet to be satisfied and further time was required for the Company and New Amuse Limited to discuss alternative transaction structure(s) and/or revision(s) of the scope of the Hada target group, as such, completion of the Hada Acquisition would not take place on 31 December 2019 and the long stop date was further extended to 30 April 2020. An announcement in relation thereto had been made on 27 December 2019.

As at the date of this annual report, the Company and New Amuse Limited were still undergoing the negotiation and determination of the structure of the Hada Acquisition. Further announcements of alternative transaction structure(s), if any, will be made upon the entering into of definitive agreement(s) or as and when required in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Dili Fresh Acquisition

In September 2018, the Company announced the potential acquisition, from the controlling shareholder, of the equity stake in Harbin Dili Fresh Agricultural Produce Enterprise Management Co. Ltd.* (哈爾濱地利生鮮農產品企業管理有限公司) ("Dili Fresh") which owns and operates agricultural produce supermarket chain, fresh food chain and supply chain and logistics management in the PRC. A non-binding memorandum of understanding was entered into and a deposit of RMB 400 million was made in return for a 180-day exclusive period (the "Exclusivity Period"). The Exclusivity Period was extended for another 180 days on 7 March 2019 with no further deposit was made for such extension.

On 29 August 2019, the Group entered into a formal sale and purchase agreement with the seller, an associate of our controlling shareholder, to acquire 19% stake in the offshore holding company which wholly owns Dili Fresh, for a total consideration of RMB 950 million (the "Dili Fresh Acquisition"). Shareholders' approval had been obtained at the extraordinary general meeting held on 29 October 2019 and the Dili Fresh Acquisition was completed on 31 October 2019 as all the conditions had been fulfilled or waived. Details of the Dili Fresh Acquisition, including downstream expansion and synergies, were set out in the circular of the Company dated 30 September 2019.

* *For identification purpose only*

Management Discussion and Analysis

Financial Review

Revenue

Our revenue comprises commission income primarily based on either value of transactions or weight of products, which we charge to traders. We also earn lease income by leasing space at the warehouses, icehouses and other facilities we have at our markets to assist traders to store and pack their products, and from renting rooms at our on-site residential areas and motels to traders.

With the consolidation of the Hangzhou markets after the completion of acquisition on 24 July 2018, the Group recorded a consolidated revenue of approximately RMB1,421.0 million (2018: RMB1,128.7 million), representing an increase of about 25.9% when compared with that of last year. The commission income increased by 24.6% to RMB1,009.9 million this year as compared to RMB810.6 million last year while the lease income also increased by 29.2% to RMB411.1 million this year as compared to RMB318.1 million last year.

	2019 **RMB' million**	2018 RMB' million	Change RMB' million	Change %
Commission income	**1,009.9**	810.6	199.3	24.6
Lease income	**411.1**	318.1	93.0	29.2
Total	**1,421.0**	1,128.7	292.3	25.9

The analysis by agriculture wholesale markets:

	Note	**2019 RMB' million**	2018 RMB' million	Change RMB' million	Change %
Hangzhou Fruit-products Market		**167.2**	66.9	100.3	150.1
Hangzhou Vegetable Market		**146.6**	60.4	86.2	142.9
Hangzhou Seafood Market		**72.2**	28.4	43.8	154.2
Shenyang Shouguang Dili Agricultural Produce and Side Products Market	*(i)*	**339.9**	290.2	49.7	17.1
Harbin Hada Agricultural Produce and Side Products Market		**275.4**	287.5	(12.1)	(4.2)
Harbin Youyi Agricultural Produce Market		**25.0**	23.8	1.2	4.8
Guiyang Agricultural Produce Logistic Park		**158.6**	152.4	6.2	4.1
China Shouguang Agricultural Produce Logistic Park		**146.4**	146.7	(0.3)	(0.2)
Qiqihar Hada Agricultural Produce Market	*(ii)*	**47.8**	30.3	17.5	57.6
Muda International Agricultural Produce Logistic Park		**41.9**	42.1	(0.2)	(0.6)
Total		**1,421.0**	1,128.7	292.3	25.9

Notes:

i. The increase in revenue was mainly attributed to the increase in leased areas.

ii. The increase in revenue was due to keen market competition in Qiqihar City in last year but was recovered in this year.

Other income/(expenses)

Other income mainly comprised market service fee income of RMB151.2 million (2018: RMB126.8 million). In last year, there was a loss on disposal of property and equipment amounting to RMB188.3 million which were mainly due to disposal of two aircrafts.

Administrative expenses

Administrative expenses mainly comprised staff cost, depreciation and trip expenses. With the disposal of two aircrafts in December 2018, the related maintenance and usage cost were not incurred this year as compared to approximately RMB144.2 million incurred in 2018. As a result of taking effective cost control measures, entertainment, legal and professional and trip expenses decreased by RMB62.6 million in total as compared to last year. This is offset by the increase in depreciation of RMB169.2 million due to the adoption of International Financial Reporting Standards 16 ("IFRS 16"), Leases, in this year.

Other operating expenses

Other operating expenses mainly comprised operating staff cost and utility charges in 2019. It mainly consisted of amortisation of intangible assets of RMB324.3 million and the operating lease expenses of RMB128.6 million in 2018. No such amortization and expenses were incurred in 2019 due to the impact of adopting the IFRS 16.

Finance income

Finance income mainly represented the interest income earned from bank deposits and loans to third parties. There was no material fluctuation as compared with last year.

Finance expenses

Finance expenses mainly represented interest on lease liabilities and bank loans. The significant increase was mainly due to the adoption of IFRS 16, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability. The interest on lease liabilities amounted to RMB79.9 million for the year ended 31 December 2019.

Liquidity and Financial Resources

The Group has net cash position and strong financial resources to support its working capital and future expansion.

The maturity profile of the Group's bank loans as at 31 December 2019 are repayable as follows:

	2019 **RMB'000**	2018 RMB'000
Within one year	**173,500**	198,500
After one year but within two years	**142,680**	73,500
After two years but within five years	**141,000**	242,680
After five years	**16,000**	57,000
	473,180	571,680

There was no material effect of seasonality on the Group's borrowing requirement. As at 31 December 2019, all the bank loans are denominated in RMB and the related interest rate structures are included in note 28(c) — Interest rate risk to the financial statements.

Capital Structure and Treasury Policy

On 26 April 2019, the board of Directors (the "Board") proposed that every ten issued and unissued shares of HKD0.01 each in the share capital of the Company be consolidated into one consolidated share of HKD0.10 each (the "Share Consolidation"). The Share Consolidation had been approved by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting held on 24 May 2019. Upon the Share Consolidation becoming effective on 27 May 2019, the authorised share capital of the Company became HKD1,500,000,000 divided into 15,000,000,000 consolidated shares of HKD0.10 each, of which 5,715,593,000 consolidated shares (which are fully paid or credited as fully paid) were in issue immediately. Details of the Share Consolidation were set out in the circular of the Company dated 2 May 2019.

The Group adopts a conservative policy in capital structure management. The Group closely monitors its cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. It also takes into account the_bank balances and cash, administrative and capital expenditures to prepare the cash flow forecast to forecast its future financial liquidity.

Details of the Group's exposure to fluctuations in exchange rates and related hedges are included in note 28(d) — Foreign currency risk to the financial statements.

Use of Proceeds

As stated in the circular to the Shareholders dated 25 June 2018, the Group had plans to use the proceeds obtained from the rights issue. The proceeds have been partially utilised and the residual balance is expected to be utilised on or before 31 December 2021. The amount used during the year ended 31 December 2019 and the residual balance to be used as at 31 December 2019 are as follows:

Proposed use of proceeds		Residual balance as at 1 January 2019 HKD' million	Used during the year HKD' million	**Residual balance to be used as at 31 December 2019 HKD' million**
(i)	For enlarging the trading hall and rental area of the markets	300	(140)	**160**
(ii)	For upgrading infrastructure facilities of the markets	125	(25)	**100**
(iii)	For developing and installing information software and data collection and analysis systems in the markets	65	(4)	**61**
(iv)	General working capital	133	(133)	**–**
		623	(302)	**321**

Management Discussion and Analysis

Charges on Assets

As at 31 December 2019, certain property and equipment and investment properties which had an aggregate carrying value of RMB1,195.9 million (2018: RMB1,289.5 million) were pledged as securities for bank loans of the Group.

Capital Commitment

As at 31 December 2019, the future capital expenditure for which the Group had contracted but not provided for amounted to approximately RMB49.7 million (2018: RMB16.8 million).

Contingent Liabilities

As at 31 December 2019, the Group had no material contingent liabilities.

Gearing Ratio

The Group monitors its capital structure on the basis of a gearing ratio, being the bank loans and lease liabilities divided by the total assets.

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a significant increase in the Group's total debt and hence the Group's adjusted gearing ratio rose from 4.93% to 17.34% on 1 January 2019 when compared to its position as at 31 December 2018. As at 31 December 2019, the gearing ratio of the Group was 15.15%.

Human Resources

As at 31 December 2019, the Group employed 2,408 staff (as at 31 December 2018: 2,668 staff). The Group's employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration for the year ended 31 December 2019 was approximately RMB381.6 million as compared with RMB349.2 million for the year ended 31 December 2018. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

Directors and Senior Management Profile

Executive Directors

Mr. WANG Yan (王岩), aged 54, was appointed as an Executive Director and the Chairman in September 2018. He is a member of the remuneration committee and nomination committee of the Board of the Company. Mr. Wang has vast experience in management of securities and financial companies via serving in management or administrative positions of various securities companies and banks and is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Prior to joining the Group, Mr. Wang served as executive director of China Merchants Securities Co., Ltd. ("China Merchants Securities") (the securities of which are listed on the Shanghai Stock Exchange ("SSE") with stock code: 600999 and the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code: 6099) from December 2011 to August 2018. During such period, he also served as its president and chief executive officer from January 2012 to August 2018. From October 2011 to August 2018, he served as director of China Merchants Securities International Company Limited ("CMS International") and China Merchants Securities (HK) Co., Limited in succession. During such period, he also served as chairman of the board of directors of CMS International from September 2015 to August 2018. From December 2017 to February 2019, he served as director of China Merchants Securities Investment Co., Ltd.. From October 2011 to May 2014, he served as director of China Merchants Securities Investment Management (HK) Co., Limited, CMS Capital (HK) Co., Limited and China Merchants Nominees (HK) Co., Limited. From March 2005 to September 2011, he served as executive president and chief operating officer, acting chief executive officer, and executive president and chief executive officer of BOC International Holdings Limited. From August 2000 to January 2005, he served as deputy general manager of the Hong Kong branch of Industrial and Commercial Bank of China Limited ("ICBC") (the securities of which are listed on SSE with stock code: 601398 and the Main Board of the Stock Exchange with stock code: 1398). During such period, Mr. Wang also served as deputy general manager and alternative chief executive officer of Industrial and Commercial Bank of China (Asia) Limited (the securities of which were listed on the Main Board of the Stock Exchange with stock code: 349 but subsequently completed privatization in December 2010) from July 2001 to December 2004. From February 1997 to August 2000, he served as representative and chief representative of the New York representative office of ICBC. During July 1989 to February 1997, Mr. Wang held various positions at ICBC (Headquarter) including deputy director of the international finance division of the international business department and deputy director of office secretariat and secretary to the president etc. In addition to the above, Mr. Wang has also served as economic and technical consultant of the People's Government of Jilin Province since July 2012.

Mr. Wang obtained a bachelor's degree and a master's degree in law majoring in international law, and a doctoral degree in economics majoring in national economics, all from Peking University, in July 1986, July 1989 and January 2005, respectively. Mr. Wang was granted the title of Senior Economist by ICBC in August 1999.

Directors and Senior Management Profile

Mr. DAI Bin (戴彬), aged 28, was appointed as our Executive Director in June 2014 and was also appointed as the Chief Executive Officer in September 2018. Mr. Dai is primarily responsible for operation and management of the Group's investments and finance and is a director of various subsidiaries of the Company. He graduated from University of New South Wales, Australia, with a bachelor's degree of commerce, major in finance in 2012.

Non-Executive Directors

Mr. YIN Jianhong (尹建宏), aged 62, was appointed as our Non-Executive Director in December 2018. He graduated with master degree in economics in Northwest University* (西北大學). Mr. Yin has over 40 years' experience in economic management. He has served as chairman of Renhe Investments Holdings Corporation Company Limited* (人和投資控股股份有限公司) since September 2018 and a director of Dili Agri-Products Investments Holdings Co., Ltd.* (地利農產品投資控股有限公司) since April 2014. He also served as chairman of Shouguang Dili Agri-Products Group Company Limited from April 2014 to June 2019. Prior to this, Mr. Yin served as deputy director of State-owned Assets Supervision and Administration Commission of Xi'an City from October 2005 to November 2013. From February 1999 to September 2005, he served as president of Commercial Bank of Xi'an (currently known as Bank of Xi'an). From July 1992 to September 1996, he served as general manager of Shaanxi International Trust Co., Ltd.* (陝西省國際信託投資股份有限公司). From September 1986 to June 1992, he served as director of accounting division of the Shaanxi Branch of China Construction Bank. From October 1985 to August 1986, he was the principal of Shaanxi Shangluo Finance and Accounting School* (陝西省商洛財政會計學校).

* *For identification purpose only*

Ms. YANG Yuhua (楊玉華), aged 56, was appointed as our Non-Executive Director of the Company in December 2018. She is also a member of the audit committee of the Board of the Company. Ms. Yang graduated with master degree in finance in Shaanxi Institute of Finance and Economics* (陝西財經學院) (Shaanxi, PRC). She has been a senior economist as accredited by the PRC Ministry of Land and Resources since May 2003 and has over 35 years banking and finance experience. She used to serve as the chief financial officer at Saizhi (Tianjin) Properties Co., Ltd.* (賽智(天津)置業有限公司) from June 2006 to January 2013 and has served as its chief financial officer again since March 2017. From May 2014 to March 2017, she was a non-executive director of Shengjing Bank Co., Ltd., a company listed on the main board of the Stock Exchange with stock code: 2066. From January 2013 to March 2017, she served as deputy manager of the financial department of Beijing Zhaotai Group Co., Ltd.. From December 2001 to June 2006, Ms. Yang served as deputy manager of the inter-bank market department and senior investment manager of the Investment Management Centre of New China Life Insurance Co., Ltd.* (新華人壽保險股份有限公司投資管理中心). She successively served as deputy head, head and deputy chief of the funds division and the international business division of Inner Mongolia branch of Industrial and Commercial Bank of China from August 1983 to December 2001.

Independent Non-Executive Directors

Mr. FAN Ren-Da, Anthony (范仁達), aged 59, joined in 2007 as an independent Non-Executive Director of the Company. He is also the chairman of audit committee of the Board of the Company. Mr. Fan holds a Master's Degree in Business Administration from the USA. He is the chairman and managing director of AsiaLink Capital Limited and the founding president of The Hong Kong Independent Non-Executive Director Association. Mr. Fan has extensive experience in reviewing and analyzing financial statements of listed corporations and private sectors. Prior to that, he held senior positions with various international financial institutions and was the managing director of a company listed on the Stock Exchange. Mr. Fan is an independent non-executive director of CITIC Resources Holdings Limited (Stock Code: 1205), Raymond Industrial Limited (Stock Code: 229), Uni-President China Holdings Ltd. (Stock Code: 220), China Development Bank International Investment Limited (Stock Code: 1062), Neo-Neon Holdings Limited (Stock Code: 1868), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Technovator International Limited (Stock Code: 1206), Tenfu (Cayman) Holdings Company Limited (Stock Code: 6868), Hong Kong Resources Holdings Company Limited (Stock Code: 2882) and Semiconductor Manufacturing International Corporation (Stock Code: 981), all of them are listed on the Main Board of the Stock Exchange. Apart from these, Mr. Fan was an independent non-executive director of Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) (Stock Code: 112), Guodian Technology & Environment Group Corporation Limited (Stock Code: 1296) and CGN New Energy Holdings Co., Ltd. (Stock Code: 1811) in the past three years, all of them are listed on the Main Board of the Stock Exchange.

Mr. WANG Yifu (王一夫), aged 69, was appointed as an independent Non-Executive Director of the Company in August 2008. He is also a member of each of the audit committee, remuneration committee and nomination committee of the Board of the Company. Mr. Wang has over 35 years of experience in the banking and finance industry. He worked at several branches of the China People's Construction Bank (中國人民建設銀行) in Harbin from 1975 to 1993, during which he had worked at the accounting and investment divisions of various branches. He was appointed as the director (行長) of the marketing division and the senior economist of Harbin main branch of the China People's Construction Bank in 1991 and 1993, respectively. In 1996, Mr. Wang was appointed as the supervisor (監事長) of the internal auditing department of Harbin Commercial Bank (哈爾濱商業銀行) and was promoted to vice-governor (副行長) of the same department in 1999. Since 2004, Mr. Wang has been the inspector (調研員) of Harbin Commercial Bank. Mr. Wang graduated from Northeast Heavy Machinery College (東北重型機械學院) with a college degree in mechanical engineering in 1975.

* *For identification purpose only*

Directors and Senior Management Profile

Mr. LEUNG Chung Ki (梁松基), aged 63, was appointed as the independent Non-Executive Director of the Company in 2012. He graduated with bachelor degree in business administration in the Chinese University of Hong Kong and a master degree in business administration in the De Paul University in United States. Mr. Leung is an independent non-executive director of PYI Corporation Limited, a company listed on the main board of the Stock Exchange with stock code: 498. He has over 20 years of banking experience and holds directorships in various companies engaging in investment since 2000.

Mr. TANG Hon Man (鄧漢文), aged 61, was appointed as the independent Non-Executive Director of the Company in 2012. He is the chairman of the remuneration committee and the nomination committee of the Board of the Company. Mr. Tang graduated with a bachelor degree in business administration in the Chinese University of Hong Kong. Mr. Tang has over 30 years of working experience and has been appointed as the director of supply chain management division of an international electronic product distribution group since 2006 and served as a director of supply chain management division of a global 3D printing technology company listed in the United States of America from April 2013 to March 2020.

Senior Management

Ms. QIN Xiang (秦湘), 46, our vice president and Chief Operating Officer, is responsible for market operation, innovative business and digital platform of the Company. Ms. Qin joined the Group in December 2019. She has 8 years' experience in technical development and 16 years' experience in finance and business operation. Prior to joining the Group, she served as China Merchants Securities' deputy general manager of clearing centre, general manager of custody department and general manager of asset management department. During her term of office, she was awarded with various municipal and ministerial honours including Shenzhen Financial Innovation Award (深圳市金融創新獎) and the gold prize of State-owned Enterprises Youth Innovation Award of the third "Aerospace and Science and Industry Prize" ("航天科工杯"第三屆中央企業青年創新成果金獎). Ms. Qin graduated from Central South University with computer science and application and obtained a master degree in computer science.

Mr. MA Baoli (馬寶禮), aged 68, is our vice president and responsible for mergers and acquisitions of the Group, including identifying target companies which are related to business of the Group, and setting up and implementing strategies for mergers and acquisitions. Mr. Ma joined the Group in July 2015 and has more than 17 years experience in the management of agricultural business. Prior to joining the Group, he served as a director of Shouguang Dili Agri-products Group Company Limited* (壽光地利農產品集團有限公司) and general manager of Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited* (哈爾濱哈達農副產品股份有限公司) ("Harbin Hada"). He was responsible for business operations and market planning, and engaged in the management and market planning of agriculture wholesale business, respectively. Apart from these, he was appointed to senior positions of various corporations and responsible for management of manufacturing, sales and market planning. He completed a program of corporate management with Heilongjiang College of Commerce* (黑龍江商學院).

Ms. CHE Xiaoxin (車曉昕), aged 56, is our vice president and is fully responsible for the Company's finance operation. Ms. Che joined the Group in December 2018 and has over 30 years experience in accounting, finance and taxation management. Prior to joining the Group, Ms. Che successively served as general manager of investment banking of Zhuhai Securities Co., Ltd.* (珠海證券有限公司), and general manager of the headquarter of investment banking and managing director of finance department of China Merchants Securities. She also taught in Zhengzhou University of Aeronautics. Ms. Che graduated from Zhongnan University of Economics and Law, with a master degree of Economics, major in accounting. She is a certified public accountant and senior accountant in China.

* *For identification purpose only*

Mr. CHU Chengfa (楚成發), aged 52, is our vice president and responsible for the management of the Group's administration and legal affairs. Mr. Chu joined the Group in 1999 and has almost 28 years of experience in the legal compliance field. He was appointed as the head of the legal affairs department of the Group in 1999 and vice president in 2003, advising the overall legal compliance of all the Group's projects. Prior to joining the Group, Mr. Chu worked at Heilongjiang Province Hongsheng Trade Co. (黑龍江省宏盛經貿公司) as the head of the legal department and the deputy general manager of the company from 1991 to 1999. He graduated from Heilongjiang University (黑龍江大學) with a bachelor's degree in law in 1991.

Mr. GENG Xiaoguo (耿孝國), aged 55, is general manager of our marketing management department, primarily responsible for the upgrade of the trading and services provided by our agriculture wholesale and logistic parks towards the new business model of an integrated fresh food distribution service system. Mr. Geng joined our Group in 2001 and has over 19 years experience in project construction and commercial operations. Mr. Geng has been appointed as a director of Guangzhou Renhe New World Public Facilities Co., Ltd.* (廣州人和新天地公共設施有限公司) since 2006. He was then appointed as acting general manager of Shenyang Shouguang Dili Agricultural Produce and Side Products Co., Ltd.* (瀋陽壽光地利農副產品有限公司) in 2018, and was in charge of business operation, market planning and wholesaling management. Mr. Geng graduated from Heilongjiang University with a bachelor's degree in law.

Mr. LIU Bing (劉冰), aged 41, is general manager of our supply chain department, primarily responsible for the construction of modern supply chain service system in respect of the coverage of full-function fresh food distribution. Mr. Liu joined the Group in July 2015 and has more than 19 years experience in business administration and agricultural produce and side products. Prior to joining the Group, He was appointed senior position of various group companies of Harbin Hada. He was also a leader of the 5th squad of Heilongjiang Armed Police Force. He graduated from Heilongjiang University with a major in business administration and subsequently completed a master degree of economics at The Party School of HLJ P.P.C. of The C.P.C..

Mr. HUNG Fan Kwan (孔繁崑), FCPA, FCCA, aged 55, is our vice president and chief financial officer as well as company secretary, is primarily responsible for overseeing the Group's financial reporting and compliance with the requirements under the Hong Kong Listing Rules with regard to financial reporting and other accounting-related issues. Mr. Hung joined the Group in March 2008 and has over 30 years experience in accounting, finance and treasury functions. Prior to joining the Group, Mr. Hung was appointed to a number of senior accounting and financial positions with various listed and private companies in Hong Kong and was previously a vice audit manager at Coopers & Lybrand (currently known as PricewaterhouseCoopers). He graduated with a Professional Diploma in Accountancy from the Hong Kong Polytechnic University and is a fellow member of the Chartered Association of Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales.

Ms. CHAN Rebecca (陳慧瑩), aged 44, is a vice president of the Company, responsible for the Company's capital markets operations. Ms. Chan joined the Group in July 2014. Ms. Chan has over 17 years of experience in corporate finance and capital markets transaction. Before joining the Group, Ms. Chan was trained as a solicitor in Hong Kong and subsequently switched to investment banking in 2005 and had been working for various investment banks since then, including UBS AG and J. P. Morgan Asia. Her last position before joining the Group was an Executive Director with J. P. Morgan Asia's Equity Capital Markets department. Ms. Chan holds a laws degree (LL. B) from University of Sheffield, United Kingdom. Ms. Chan is also a qualified solicitor of the HKSAR.

* *For identification purpose only*

Report of the Directors

The directors of the Company (the "Directors") present their annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019.

Principal Activities

The Company acts as an investment holding company. The principal activities of its major subsidiaries as at 31 December 2019 are set out in note 15 to the financial statements.

Business Review

The business review, the analysis using financial key performance indicator on the Group and the indication of likely future development on the Company's business are set out on pages 4 to 12 of this annual report.

The Group has set up systems and procedures to ensure compliance with relevant laws and regulations which have a significant impact on the Group and in the conduct of its businesses, including internal control procedures, establishment of code of conduct and internal policies for prevention of bribery, risk management and whistleblowing, staff training, regular review of sufficiency and effectiveness of its systems and procedures, timely communication to relevant departments and staff upon enactment of, or changes in, relevant laws and regulations, and regular reminders of compliance.

Environmental Policies and Performance

The Group is committed to environmental sustainability. Its sustainability policy underscores environmental protection in business activities, management and operation practices, intending to minimize their impact on the environment and integrate sustainable practices in its supply chain as far as practicable.

The Group continues its environmentally-conscious practices including operating a greener workplace, reducing its carbon footprint, optimizing its energy use, reducing its waste generation, conserving resources and maintaining indoor environmental quality.

Relationships with Stakeholders

The Group recognises the critical roles its employees, customers, suppliers, business partners and community play in its sustainability practices.

The Group's employees are one of its most important assets and it is committed to providing them with a fair and safe, healthy and happy work environment that is conducive to personal growth and career development. The Group has in place work-life balance and continuing education programs.

The Group's customers hold the key to the success of its sustainable journey. The Group strives for excellence in service across its business activities and implement reasonable measures to guard the safety of its customers under relevant laws and regulations.

Stakeholders in the Group's supply chain — suppliers and vendors — are crucial collaborators. The Group is committed to sharing its core values in pursuit of business integrity, service excellence and long-term mutually beneficial relationships.

Further information of the Group's sustainability and environmental policies and performance as well as relationships with stakeholders can be found in the Environmental, Social and Governance Report in this annual report.

Potential Risk Factors

The Group's financial performance, operations and prospects for growth may be affected by risks and uncertainties, both direct and indirect. Key risk factors are set out below but they are by no means exhaustive or comprehensive and there may be other additional risks which are not yet known to the Group or which may not be significant now but may turn out to be significant in the future:

Competition

The agricultural industry, and particularly the agriculture wholesaling sector, is highly competitive in China. We face competition from national and regional operators of wholesale markets, and forms of internet business in the areas in which we currently operate. All of these markets owned by third parties compete with our markets. As such, we cannot ensure to retain our customers, given the intense competition in the agriculture wholesaling industry in China, which may result in a loss of market share as well as a decrease in profitability. Consequently, there may be material adverse effects on our financial performance.

Government Policies, Regulations and Approvals

The major businesses of our Company are subject to extensive legal compliance, grant of licenses or concessions and their respective requirements, necessary government approvals, as well as safety, hygiene and environmental regulations. Any breaches, incidents, or failure to receive licences, concessions or approvals from relevant governments may cause suspensions of operations. Besides, operations of agriculture wholesaling markets are subject to a wide variety of laws and regulations and policies including those of healthcare, hygiene, taxation, environmental, safety, fire, food preparation, building and security etc. Further increases in wages level in China could also cause higher costs of operations.

Exposure to Exchange Rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in RMB and settled in RMB. The Group's exposure to currency risk is minimal as the Group's assets and liabilities as at 31 December 2019 were denominated in the respective Group companies' functional currencies. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	2%	
Five largest customers in aggregate	4%	
The largest supplier		21%
Five largest suppliers in aggregate		53%

None of the Directors, their respective associates or, so far as the Directors are aware, any Shareholder who owns more than 5% of the issued share capital of the Company has any interest in any of the said top five customers and suppliers of the Group for the year.

Financial Statements

The profit of the Group for the year ended 31 December 2019 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 54 to 143.

Dividend Policy

The Company has a dividend policy (the "Dividend Policy") setting out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders. Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio and the Company is in no way obliged and does not assure that a dividend will be declared at a specific time. The amounts of dividends actually declared and paid will take into account a number of factors, including but not limited to general business conditions and development as well as financial results and cashflow requirements of the Group, interests of the Shareholders and any other factors which the board of Directors (the "Board") may consider relevant. The Dividend Policy is available on the website of the Company (www.diligrp.com).

Dividends

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

Transfer to Reserves

Profit attributable to equity Shareholders, before dividends, of RMB557,285,000 (2018: loss of RMB360,901,000) has been transferred to reserves. Other movements in reserves are set out in the Group's consolidated statement of changes in equity for the year ended 31 December 2019 on pages 58 to 59.

Distributable Reserves

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of Cayman Companies Law, amounted to approximately RMB12,440,603,000 (as at 31 December 2018: RMB12,342,554,000).

Charitable Donations

Charitable donations made by the Group during the year amounted to RMB326,000 (2018: Nil).

Property and Equipment

Details of the changes in property and equipment of the Group are set out in note 11 to the financial statements.

Share Capital

Details of the changes in the Group's share capital during the year are set out in note 24(c) to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Directors

The Directors during the financial year were:

Chairman

Wang Yan

Executive Directors

Wang Yan
Dai Bin

Non-executive Directors

Yin Jianhong
Yang Yuhua

Independent non-executive Directors

Fan Ren-Da, Anthony
Wang Yifu
Leung Chung Ki
Tang Hon Man

Biographical Details of the Directors

The biographical details of the current directors are set out on pages 13 to 17 of this annual report.

Directors' Service Contracts, Rotation and Confirmations of Independence

The executive Directors are engaged on a service contract for a term of three years. Each service contract will continue thereafter until terminated by not less than one month's notice in writing served by either party. Most of the non-executive Directors and independent non-executive Directors have been appointed to hold the office for a term of one year and thereafter continue for further successive periods of one year with maximum period of three years for further re-election at annual general meeting of the Company ("AGM"). In addition, the appointment of each Director is subject to retirement by rotation in accordance with the Articles.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and considers all the independent non-executive Directors to be independent.

In accordance with the provisions of the Articles, Mr. Dai Bin, Ms. Yang Yuhua and Mr. Wang Yifu will retire from the Board at the forthcoming AGM but, being eligible, will offer themselves for re-election.

Other than disclosed above, none of the Directors has entered or has proposed to enter into any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the employing company within one year without payment of compensation other than statutory compensation.

Directors' Emoluments

Details of Directors' emoluments on a named basis are set out in note 7 to financial statements. The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Company's Board with reference to Directors' responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the prevailing market conditions.

No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2019.

The emolument policy of the Company is set out in the Corporate Governance Report on pages 33 to 41 of this annual report.

Management Contracts

No contracts for the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2019.

Permitted Indemnity Provision

Pursuant to the Articles, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

Equity-Linked Agreements

Other than the Share Award Scheme as disclosed in this annual report, no equity-linked agreements were entered into by the Company during the year ended 31 December 2019 or subsisted at the end of the year.

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

As at 31 December 2019, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules were as follows:

Long/short positions in shares/underlying shares of the Company:

Name of director	Capacity	Nature of interest	Number of issued shares/ underlying shares	Approximate percentage of interest in the Company
Mr. Yin Jianhong	Beneficial owner	Long position	4,835,000	0.08%

Save as disclosed above, none of the Directors or chief executives of the Company or their associates had, as at 31 December 2019, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2019, the interests or short positions of the substantial Shareholders (other than the Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of issued shares/ Nature of interest *(Note 1)*	Approximate percentage of interest in the Company
Mr. Dai Yongge	Beneficial owner	20,007,000 (L)	0.35%
	Interest in controlled corporations *(Note 2)*	2,111,021,532 (L)	36.93%
	Interest of spouse *(Note 3)*	4,803,133,217 (L)	84.04%
	Interest in a controlled corporation	6,655,629 (S)	0.12%
Super Brilliant Investments Limited	Beneficial owner	2,011,810,466 (L)	35.20%
	Beneficial owner	6,655,629 (S)	0.12%
Shining Hill Investments Limited	Interest in a controlled corporation *(Note 2)*	2,011,810,466 (L)	35.20%
	Interest in a controlled corporation	6,655,629 (S)	0.12%
Ms. Zhang Xingmei	Interest in a controlled corporation *(Note 4)*	4,803,133,217 (L)	84.04%
	Interest of spouse *(Note 5)*	2,131,028,532 (L)	37.28%
	Interest of spouse *(Note 5)*	6,655,629 (S)	0.12%
New Amuse Limited	Beneficial owner	4,803,133,217 (L)	84.04%
Shouguang Dili Agri-Products Group Company Limited	Interest in a controlled corporation	4,803,133,217 (L)	84.04%
Dili Group Holdings Company Limited	Interest in a controlled corporation	4,803,133,217 (L)	84.04%
Win Spread Limited	Interest in a controlled corporation	4,803,133,217 (L)	84.04%

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares *(Continued)*

Notes:

(1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.

(2) Among 2,111,021,532 shares of the Company deemed to be interested by Mr. Dai Yongge, 15,912,000 shares of the Company are held by Gloss Season Limited ("Gloss Season"), which is held as to 100% by Mr. Dai Yongge, he is deemed to be interested in the shares held by Gloss Season; 2,011,810,466 shares of the Company are held by Super Brilliant Investments Limited ("Super Brilliant") and Super Brilliant is wholly owned by Shining Hill Investments Limited ("Shining Hill"). Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which is in turn interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed to be interested in the shares held by Super Brilliant; 83,299,066 shares of the Company are held by Wealthy Aim Holdings Limited ("Wealthy Aim"). As the entire issued share capital of Wealthy Aim is held by Broad Long Limited, which is held as to 100% by Mr. Dai Yongge, he is deemed to be interested in the shares held by Wealthy Aim.

(3) Mr. Dai Yongge is deemed to be interested in the shares held by his spouse, Ms. Zhang Xingmei.

(4) Ms. Zhang Xingmei holds the entire issued share capital of Win Spread Limited ("Win Spread"). Win Spread holds the entire issued share capital of Dili Group Holdings Company Limited ("Dili Group Holdings"). Dili Group Holdings holds the entire issued share capital of Shouguang Dili Agri-Products Group Company Limited ("Shouguang Dili"). Shouguang Dili holds the entire issued share capital of New Amuse Limited ("New Amuse"). New Amuse beneficially holds 4,803,133,217 shares of the Company, of which 3,991,425,900 shares are interests in conversion shares relating to the convertible bonds yet to be issued pursuant to the sale and purchase agreement dated 5 June 2018 between among others, the Company and New Amuse. Accordingly, each of Ms. Zhang Xingmei, Win Spread, Dili Group Holdings and Shougang Dili is deemed to be interested in the 4,803,133,217 shares held by New Amuse.

(5) Ms. Zhang Xingmei is deemed to have interests and short positions in the shares held by her spouse, Mr. Dai Yongge.

Save as disclosed above and so far as the Directors are aware of, as at 31 December 2019, there was no other person, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Sufficiency of Public Float

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

Share Award Scheme

A share award scheme was adopted by the Board on 28 August 2018 (the "Share Award Scheme") to (i) recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group. An independent third party has been appointed as a trustee (the "Trustee") under the Share Award Scheme.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of its adoption. Pursuant to the Share Award Scheme, the Trustee will purchase existing shares of the Company from the market or subscribe for new shares from the Company out of cash contributed by the Group and such shares will be held on trust for selected employees until such awarded shares are vested with the relevant selected employees. Vested shares will be transferred to the selected employees at no cost. At no point in time shall the Trustee be holding more than 5% of the total number of shares of the Company in issue under the Share Award Scheme. Details of the rules of the Share Award Scheme were set out in the announcement of the Company dated 28 August 2018.

Up to 31 December 2019, the Trustee had purchased a total of 118,094,200 existing shares of the Company from the market with a total cost of approximately RMB273.3 million. During the year, the Company has not issued any shares or granted any awarded shares under the Share Award Scheme to any selected employees.

Directors' Interest in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transaction and Continuing Connected Transactions

Connected Transaction

Details of the connected transaction during the year ended 31 December 2019 are as follows:

Dili Fresh Acquisition
On 29 August 2019, Yield Smart Limited ("Yield Smart", a wholly-owned subsidiary of the Company) as purchaser and Plenty Business Holdings Limited ("Plenty Business", a company wholly-owned by Mr. Dai Yongge, the controlling shareholder of the Company) as vendor entered into an acquisition agreement (the "Acquisition Agreement") for the sale and purchase of 19% of the entire issued share capital (the "Target Shares") of Million Master Investment Limited ("Million Master", a wholly-owned subsidiary of Plenty Business), which operates through its various PRC subsidiaries (together with Million Master, collectively the "Target Group"), the businesses of agricultural produce supermarket chain, fresh food chain and supply chain and logistics management in the PRC under the brand name of "Dili Fresh". The total purchase price for the Target Shares was RMB950 million (equivalent to approximately HK$1.1 billion). Pursuant to the Acquisition Agreement, Plenty Business granted Yield Smart a call option and a put option, either one of which is exercisable but not both.

Under the call option pursuant to the Acquisition Agreement (the "Call Option"), Yield Smart has the right (but no obligation) to acquire from Plenty Business the remaining 81% of the entire issued share capital of Million Master, within the period commencing from 1 January 2021 and ending on 31 December 2023 (both days inclusive). The Call Option is exercisable at the sole discretion of Yield Smart if in any one of the financial years ending 31 December 2020, 2021 and 2022, either (i) the aggregate gross merchandise value ("GMV") of the Dili Fresh stores attains RMB10 billion or (ii) the earnings before interest, taxation, depreciation and amortization ("EBITDA") of the Target Group attains RMB250 million, as reviewed by an independent professional audit firm to be engaged by the Company. The Call Option may be exercised at an exercise price to be agreed at the time of exercise, which will take into account, among others, the valuation of the Target Group at the prevailing time. If the Call Option is exercised, Million Master will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the Group.

Under the put option pursuant to the Acquisition Agreement (the "Put Option"), Yield Smart has the right (but no obligation) to sell back the Target Shares to Plenty Business but Plenty Business has the obligation to purchase the Target Shares within the period commencing from 1 January 2023 and ending on 31 December 2023 (both days inclusive). The Put Option is exercisable at the sole discretion of Yield Smart if: (a) the GMV of the Dili Fresh stores did not attain RMB10 billion in the financial year ending 31 December 2022 and (b) the EBITDA of the Target Group did not attain RMB250 million in the financial year ending 31 December 2022, as reviewed by an independent professional audit firm to be engaged by the Company. The Put Option is exercisable at an exercise price (payable by Plenty Business), which shall be the sum of (i) the total purchase price of the Target Shares of RMB950 million and (ii) an amount representing an interest rate of 6% per annum on the total purchase price. Mr. Dai Yongge has given a personal guarantee in favour of Yield Smart for the due performance by Plenty Business of its obligations under the Put Option.

The completion of Dili Fresh Acquisition took place on 31 October 2019 and the details of such acquisition were set out in the circular of the Company dated 30 September 2019.

As Plenty Business is directly wholly-owned by Mr. Dai Yongge, hence Plenty Business is a connected person of the Company under the Listing Rules accordingly. As such, Dili Fresh Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Connected Transaction and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions

Details of the continuing connected transactions during the year ended 31 December 2019 are as follows:

A. *The Framework Lease Agreement*

For the on-going operation of the markets of the Group in the PRC, New Amuse Limited ("New Amuse", a wholly-owned company of our substantial Shareholder Ms. Zhang Xingmei), as lessor, entered into a framework lease agreement (the "Framework Lease Agreement") with Yield Smart Limited ("Yield Smart"), as lessee, on 9 June 2015. Yield Smart became a subsidiary of the Company as a result of the completion of sale and purchase of the entire issued share capital of Yield Smart (the "Acquisition") contemplated under an acquisition agreement entered into between New Amuse and the Company on 9 June 2015 (the "Acquisition Agreement"). Pursuant to the Framework Lease Agreement, Yield Smart would procure the new PRC operating companies owned by Yield Smart (the "New PRC Operating Companies") under the Acquisition Agreement to enter into the leasing agreements with the various PRC operating subsidiaries of New Amuse which engaged in operation of eight markets in six cities in the PRC (the "PRC Vendors") upon completion of the Acquisition (the "Completion") in respect of the leasing of the relevant properties (including land and buildings) which were all held by the PRC Vendors, necessary for the on-going operation of the markets of the Group in the relevant locality.

Particulars of the Framework Lease Agreement are set out below:

Transaction Date:	9 June 2015
Parties:	New Amuse as lessor Yield smart as lessee
Premises:	Certain land and properties in each of the six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang
Permitted Usage:	For operation of the aforesaid eight markets for wholesaling and retailing of agricultural produce
Term:	Fixed term of 20 years commencing from the date of the Completion and shall terminate on 31 December 2035, subject to the option to renew as described below During the Term, New Amuse (as lessor) and Yield Smart (as lessee) would procure the New PRC Operating Companies to enter into the leasing agreements with the PRC Vendors in respect of the leasing of the premises stipulated above
Annual Rent:	RMB100 million per year commencing from the date of the Completion to 31 December 2018 and RMB105 million per year from 1 January 2019 to 31 December 2021, exclusive of operating charges, property tax and other outgoings For the annual rent of the rest of the term, please refer to the circular of the Company dated 29 June 2015
Option to Renew:	At the discretion of Yield Smart or the relevant entity of the target group (being part of the enlarged group post Completion), the agreement can be renewed with RMB134.01 million as the base rent with 5% increments for every three years for the renewed term

Connected Transaction and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

A. *The Framework Lease Agreement* *(Continued)*

As New Amuse was ultimately held as to 69.74% (currently 100%) by Ms. Zhang Xingmei, a substantial Shareholder and a former non-executive Director and the spouse of Mr. Dai Yongge who is the controlling Shareholder and a former executive Director. Accordingly, New Amuse is a connected person of the Company under the Listing Rules and the transactions mentioned above constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules and require disclosures in the Company's annual report. The price and terms of such transactions have been determined in accordance with pricing policies and guidelines set out in relevant announcements.

B. *The Loan Agreement*

On 29 August 2019, Harbin Dili Agricultural Produce and Side Products Co., Ltd. * （哈爾濱地利農副產品有限公司） ("Harbin Dili", a wholly-owned subsidiary of the Company) as lender and Harbin Dili Fresh Agricultural Produce Enterprise Management Co., Ltd. * （哈爾濱地利生鮮農產品企業管理有限公司） ("Dili Fresh", a wholly-owned subsidiary of Million Master) as borrower entered into a loan agreement (the "Loan Agreement"). Details of Dili Fresh Acquisition are set out under the sub-section headed "Connected Transaction" of this annual report above.

Particulars of the Loan Agreement are set out below:

Transaction Date:	29 August 2019
Parties:	Harbin Dili as lender Dili Fresh as borrower
Loan:	A revolving facility for the principal amount of not exceeding RMB2 billion
Availability period:	The period commencing on the 11th business day after the board of directors of Harbin Dili has accepted the drawdown request from Dili Fresh and ending on the third anniversary of the completion of Dili Fresh Acquisition
Maturity date:	The earlier of: (i) 31 December 2023; (ii) the exercise of the Put Option; and (iii) third anniversary from drawdown, provided that Dili Fresh may pre-pay any outstanding principal amount and/or interest(s) at any time prior to the maturity date

* *For identification purpose only*

Connected Transaction and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

B. *The Loan Agreement* *(Continued)*

Interest rate:	The rate of interest applicable to the Loan or any outstanding balance thereof shall be the higher of: (i) 6% per annum, which is determined with reference to the prevailing interest rate(s) in the market; and (ii) the interest rate(s) at which Harbin Dili or the Group borrows from third-party banks
Interest period:	12 months
Annual caps for the interest amount:	RMB50 million commencing from the drawdown of the Loan to 31 December 2019 and RMB200 million for the financial years ending 31 December 2020, 2021, 2022 and 2023
Security:	The Loan was secured by: (i) the share charge in relation to the remaining 81% of the issued share capital of Million Master and the guarantee provided by Plenty Business; and (ii) the share charge in relation to all the shares of Plenty Business and the guarantee provided by Mr. Dai Yongge, both in favour of Yield Smart and will be released in the event of the exercise of the Call Option in full
Purpose:	The Loan may be used for: (i) expanding the network of the Dili Fresh stores and the franchise business; (ii) investing in online e-commerce platform; and (iii) as general working capital of Million Master and its subsidiaries

Following the completion of Dili Fresh Acquisition, Million Master is owned as to 19% by Yield Smart and 81% by Plenty Business respectively and hence, Million Master is a connected person of the Company and a commonly held entity (as defined under the Listing Rules) upon the aforesaid completion. The Loan advanced under the Loan Agreement, which is not proportion to the equity interest of Yield Smart in Million Master, constitutes a continuing connected transaction of the Company and non-exempt financial assistance to Plenty Business and Dili Fresh under Chapter 14A of the Listing Rules. Accordingly, such transaction requires to be disclosed in the Company's annual report.

As at 31 December 2019, the total amount drawndown by Dili Fresh was RMB235 million and was funded by internal resources of the Group, at interest rate of 6% per annum, with the total accrued interests in the amount of RMB1.8 million for the year ended 31 December 2019.

Connected Transaction and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

The aforesaid continuing connected transactions have been reviewed by the independent non-executive Directors who have confirmed that the transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company have performed certain pre-determined procedures and reported their findings regarding the continuing connected transactions entered into by the Group set out above for the year ended 31 December 2019 and state that:

(1) nothing has come to their attention that causes them to believe that the above continuing connected transactions have not been approved by the Board;

(2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the above continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to their attention that causes them to believe that the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded the maximum aggregate annual value as disclosed in the circulars dated 28 June 2015 and 30 September 2019 made by the Company in respect of the above continuing connected transactions.

Save as disclosed in the annual report, the Board confirmed that none of the related party transactions set out in note 29(b) to the financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. During the year ended 31 December 2019, save as disclosed above, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

The Group confirms that it will comply or continue to comply with the relevant provisions of Chapter 14A of the Listing Rules in relation to the continuing connected transactions of the Company.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 144 of this annual report.

Retirement Schemes

The Group is required to make contributions to the retirement schemes at the rate ranges from 14% to 16% of the eligible employee's salaries. Particulars of these retirement schemes are set out in note 25 to the financial statements.

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

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

Audit Committee

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code"). The primary duty of the audit committee is to review and supervise the financial reporting process, risk management and internal control systems of the Group. The audit committee is comprised of two independent non-executive Directors and a non-executive Director. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2019.

Corporate Governance

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the year covered by this annual report, in compliance with the CG Code on Corporate Governance Practices saved as disclosed in the corporate governance report contained in this annual report.

Auditors

The consolidated financial statements of the Group have been audited by KPMG, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board
Wang Yan
Chairman

Hong Kong, 26 March 2020

Corporate Governance Report

Introduction

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve our image with effective corporate governance procedures.

The Company has complied with the code provisions in the CG Code throughout the year ended 31 December 2019, save and except for the following:

Code Provision A.2.7

The Chairman of the Company did not hold any formal meeting with the independent non-executive directors due to the busy schedule of the Chairman and the independent non-executive directors. The Chairman may communicate with the independent non-executive directors on a one-to-one or group basis to understand their concerns and to discuss pertinent issues.

Save as disclosed above, there has been no deviation from the code provisions of the CG Code by the Company for the year ended 31 December 2019.

Compliance With The Model Code For Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for Directors' securities transactions. Upon specific enquiry made by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

Directors' Training

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being as a director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interests and business of the Group. Such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors.

During the year, the Company continuously updated the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors were encouraged to participate in continuous professional development by attending seminars/in-house briefing/reading materials on different topics to develop and refresh their knowledge and skills.

The Board

The Board is responsible for the leadership and control of the Company and overseeing the Group's business, strategic decisions and performances. The management is delegated with the authority and responsibility by the Board for the management of the Group. In addition, the Board has also established various Board committees since 25 August 2008 and has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). All the Board committees perform their distinct roles in accordance with their respective terms of reference. Further details of the Board committees are set out hereunder.

The Board *(Continued)*

Most of the non-executive Directors and independent non-executive Directors are appointed for a term of one year, which are subject to retirement in accordance with the Articles. According to the Articles, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Newly appointed Directors shall hold office until the next general meeting but be subject to re-election.

The Company has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

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

Composition

The Board currently consists of 8 Directors as follows:

Executive Directors

Wang Yan (Chairman)
Dai Bin (Chief Executive Officer)

Non-executive Directors

Yin Jianhong
Yang Yuhua

Independent Non-executive Directors

Fan Ren-Da, Anthony
Wang Yifu
Leung Chung Ki
Tang Hon Man

All Directors have appropriate professional qualification or substantive experience and industry knowledge. The Board as a whole has achieved an appropriate balance of skills and experience. The Directors' biographies are set out under the section headed "Directors and Senior Management Profile" of this Annual Report and there is no relationship among members of the Board.

Chairman and Chief Executive Officer ("CEO")

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO is clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group.

Mr. Wang Yan is the Chairman of the Company and is responsible for formulating the overall development strategies and business plan of our Group and is instrumental to the Company's growth and business expansion since its establishment. Mr. Dai Bin is the Chief Executive Officer of the Company and is responsible for overseeing the management and strategic development of our Group.

During the year ended 31 December 2019, the Company held eight Board meetings, an AGM and two extraordinary general meetings ("EGMs") and attendance of each Director at the Board meetings and general meetings is set out below:

Name of Director	No. of Board meetings held during the Director's term of office in the relevant period	No. of Board meetings attended	Attendance rate of Board meetings	No. of general meetings attended/ No. of general meetings held
Executive Directors				
Wang Yan	8	8	100%	3/3
Dai Bin	8	4	100% *(Note)*	0/3
Non-executive Directors				
Yin Jianhong	8	8	100%	0/3
Yang Yuhua	8	7	88%	2/3
Independent Non-executive Directors				
Fan Ren-Da, Anthony	8	6	75%	2/3
Wang Yifu	8	6	75%	0/3
Leung Chung Ki	8	8	100%	1/3
Tang Hon Man	8	6	75%	0/3

Note: As Mr. Dai Bin had material interest in the businesses considered at certain Board meetings and was required to abstain from voting at such meetings, his attendance in such meetings was not counted.

Nomination Committee

The Company established a Nomination Committee on 25 August 2008 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and diversity of the Board, assessing the independence of independent non-executive Directors and providing recommendations to the Board on matters relating to the appointment of Directors. The Nomination Committee consists of Mr. Wang Yan, an executive Director, Mr. Tang Hon Man and Mr. Wang Yifu who are independent non-executive Directors, and is chaired by Mr. Tang Hon Man.

Below is the summary of the Board Diversity Policy:

The Company believes that having a diverse Board can enhance the quality of its performance. In this regard, the Company has developed a diversity policy for the Board, in terms of skills, experience, knowledge, expertise, culture, ethnicity, length of service, independence, age and gender. In addition, the Nomination Committee will hold discussions towards achieving the goal of Board diversification and provide recommendations to the Board for adoption.

During the year ended 31 December 2019, the Board has reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and also assessed the independence of independent non-executive Directors as well as the re-election of retiring Directors. As such, the Nomination Committee did not hold any meeting during the year.

Remuneration Committee

The Company established a Remuneration Committee on 25 August 2008 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include providing recommendations to the Board on the Company's structure and policy for remuneration of Directors and senior management of the Company, determining the remuneration packages of individual executive Director and senior management of the Company, reviewing the terms of remuneration packages, determining the award of bonuses and considering the grant of options under share option scheme (if any). The Remuneration Committee of the Company consists of Mr. Wang Yan, an executive Director, Mr. Tang Hon Man and Mr. Wang Yifu who are independent non-executive Directors, and is chaired by Mr. Tang Hon Man.

During the year ended 31 December 2019, the Remuneration Committee held one meeting and the attendance is listed below:

Name of Remuneration Committee Member	No. of meetings held during the year	No. of meetings attended	Attendance rate
Tang Hon Man (Chairman)	1	1	100%
Wang Yan	1	1	100%
Wang Yifu	1	1	100%

Emolument Policy

The emolument policy of the employees of the Group is set up by the executive Directors on the basis of their merit, qualifications and competence.

The emolument of the Directors is determined by the Board after recommendation from the Remuneration Committee, having regard to the responsibilities of the Directors, the Company's operating results, individual performance and comparable market statistics.

Details of Directors' emolument during the year ended 31 December 2019 are set out in note 7 to the consolidated financial statements.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

(a) to develop, review and implement the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors;

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

(f) to develop, review and monitor the implementation of the Shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance Shareholders' relationship with the Company.

During the year ended 31 December 2019, the above corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the CG Code.

Audit Committee

The Company established an Audit Committee on 25 August 2008 with written terms of reference in compliance with the CG Code. The primary duty of the Audit Committee is to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee of the Company consists of Ms. Yang Yuhua, a non-executive Director, Mr. Fan Ren-Da, Anthony and Mr. Wang Yifu who are independent non-executive Directors, and is chaired by Mr. Fan Ren-Da, Anthony. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has possessed the appropriate professional and accounting qualifications.

During the year ended 31 December 2019, there were two meetings held by the Audit Committee which the members of the audit committee discussed with KPMG about the arrangements of the Company's annual audit work and reviewed the annual results and interim results of the Group, as well as the relevant financial statements and reports and significant financial reporting judgments contained therein, as well as the internal control system and the Group's financial and accounting policies and practices. The attendance of the members at the Audit Committee meetings is presented hereinafter:

Name of Audit Committee Member	No. of meetings held during the year	No. of meetings attended	Attendance rate
Fan Ren-Da, Anthony (Chairman)	2	2	100%
Wang Yifu	2	2	100%
Yang Yuhua	2	2	100%

Auditors' Remuneration

During the year ended 31 December 2019, the remunerations paid or payable to KPMG in respect of its audit services and non-audit services are RMB3,314,000 and RMB1,686,000 respectively. The non-audit services mainly included the independent review of the interim results of the Group for the six months ended 30 June 2019.

Accountability and Audit

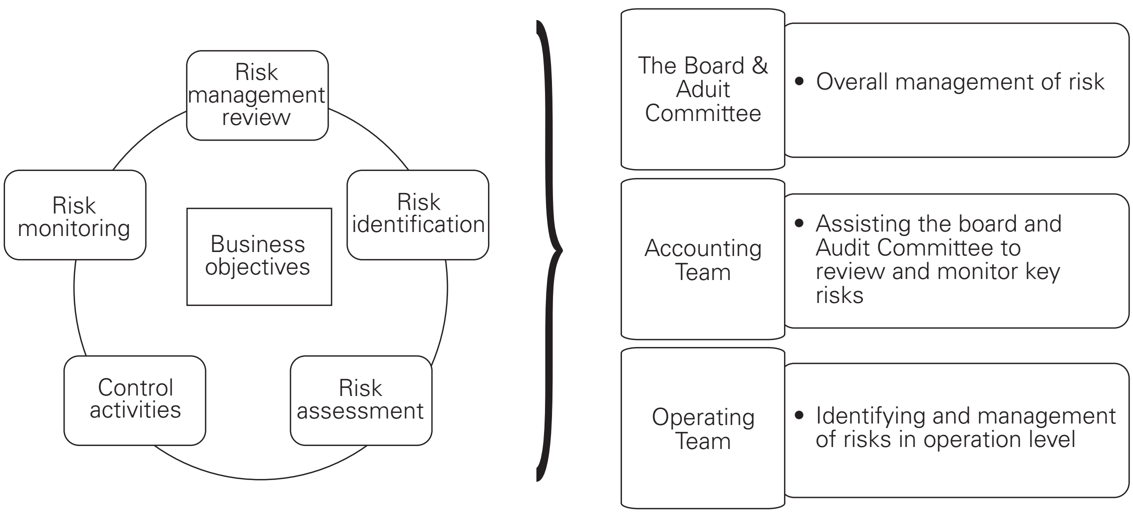
The Directors acknowledged their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year under review. The Directors considered that the financial statements have been prepared in conformity with all appropriate accounting standards and requirements and reflected the amounts that were based on the best estimates and reasonable, informed and prudent judgment of the Board and the management of the Company with an appropriate enquiries, were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

Risk Management and Internal Control

The Group established and maintained appropriate and effective risk management and internal control systems during the year ended 31 December 2019. While the management of the Group is responsible for implementing and maintaining sound risk management and internal control system that safeguard the Group's assets and stakeholders' interest in aspects including operation, financial and compliance. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk management process

The Group has established risk management manual to formulate the risk management process and the management of the Company is committed to fostering a risk aware and control conscious environment. The staff in all levels within the Group are also required to take the relevant responsibility on the risk management process. The structure and procedures for the risk management are as follows:



Risk identification: Both internal and external factors including economic, political, social, technology and environmental factors, laws and regulations, business objectives and stakeholders' expectation would be considered

Risk assessment: The risk identified would be assessed and rated based on the likelihood and impact to the achievement of the Group's objectives

Control activities: The internal control procedures have been designed and implemented to mitigate the risks

Risk monitoring: Risk register has been maintained and updated regularly to monitor risks on an ongoing basis

Risk management review: The Board and the Audit Committee would perform review on any change of significant risks of the Group

Risk Management and Internal Control *(Continued)*

Internal audit function

During the year ended 31 December 2019, a review of the effectiveness of the Group's risk management and internal control system which covers the aspects of the effectiveness of the Company's risk management and internal control system and management procedure, was conducted by our internal control department. Such review is conducted on an annual basis. The Board considered the risk management and internal control system of the Company to be effective and adequate.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Company Secretary

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for advising the Board on governance matters. For the year ended 31 December 2019, the Company Secretary has taken no less than 15 hours of relevant professional training.

Investor Relations, Communications with Shareholders and Shareholders' Rights

Objective

The management of the Company believes that effective and proper investor relations play a vital role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company is committed to establish strategic communication channels to ensure the access of reliable corporate information by the shareholders, financial communities as well as the public.

Communications with Shareholders

The Directors consider communication with the Shareholders are mainly in the following ways: (i) the holding of AGM and EGM which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and (iii) the upkeeping of the latest information of the Company's website at http://www.diligrp.com. Shareholders and investors are welcome to visit our website.

Investor Relations, Communications with Shareholders and Shareholders' Rights
(Continued)

Shareholders' Rights

(i) *Procedures by which Shareholders can convene an EGM and procedures for putting forward proposals at the general meetings*
Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(ii) *Shareholders' enquiries*
Shareholders should direct their questions about their shareholdings to the Company's Registrar. Shareholders may also make enquiries in writing to the principal place of business of the Company in Hong Kong.

Information Disclosure

Currently, the Company discloses information in compliance with the securities regulations of the Stock Exchange, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public, to make rational decisions that should result in the Company's securities trading at fair value over the long term.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Mailing Address:	Suites 1701–1703, One IFC, 1 Harbour View Street, Central, Hong Kong
Email:	ir@dili.com.hk

Changes in Constitutional Documents

During the year ended 31 December 2019, the Company did not make any significant changes to its constitutional documents. The latest version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

A. Environment

Environmental protection is one of the basic requisites for sustainable development of enterprises. We attach great importance to the protection of the ecological environment. We commit ourselves to energy-saving and emission reduction in all aspects of operation and various business processes, so as to strive to achieve the sustainable corporate development on the environmental friendly basis.

All the operating facilities of the Company are designed and constructed in accordance with the national energy-saving building standards. Equipment used for our business operation are procured in accordance with national energy-saving requirements, and energy consumption of all equipment are in line with national energy-saving standards. For instance, electric vehicles are used inside the market.

1. Emissions

Our main business is the operation of agriculture wholesale markets, as such, there is no industrial exhaust gas, waste water or solid waste emissions.

(1) Waste: Perished fruits and vegetables are the only main waste resulted from the operations of our agriculture wholesale markets, and they can be naturally degraded and are recyclable. All our markets entrust professional companies to carry out regular disposal of wastes in the markets to keep the market clean and tidy.

(2) Waste water: Waste water in the agricultural trading market is mainly from domestic water use and a small amount of operational water use. There is no bulk waste water emission or disposal.

(3) Exhaust gases: There is mainly no emissions of a large amount of greenhouse gases or other exhaust gases.

A. Environment *(Continued)*

2. Use of Resources

All the agriculture wholesale markets were designed and planned in accordance with the energy-saving and water-saving requirements during the project approval and construction phases. During the daily operation, corresponding energy-saving and water management systems have been developed and implemented to improve resource efficiency and reduce resource consumption and environmental costs.

(1) Electricity: During the year ended 31 December 2019, the Group's electricity consumption is as follows:

	Quantity (kWh)
PRC	**62,823,424**
Hong Kong	**42,110**

Our major electricity consumptions are for the lighting in the wholesale markets and for the general office use. All our wholesale markets use LED energy-saving lighting to reduce electricity consumption. The storage facilities in the markets are also in line with the national energy-saving standards. The planning, design and construction of storage facilities including cool and temperature-controlled storage have reached the domestic advanced level with good energy-saving performance. We conduct power-saving campaigns among vendors on a regular basis to encourage vendors in the markets to save electricity.

(2) Water: During the year ended 31 December 2019, the Group's water consumption is as follows:

	Cubic metres
Running water consumption	**1,065,555**

The main operational use of water in the wholesale markets are for cleaning purposes with a small proportion of domestic water use. Most of the floor surface in the wholesale markets have been paved with concrete, plus the advanced dustproof steel structure ceiling, leading to efficient operational water saving. We also organized water-saving campaigns in various markets.

(3) Others: The Group fully promotes electronic settlement system in the markets step by step, largely reducing paper consumption. In the meantime, we also promote digitalized office operation and implemented environmental friendly measures including energy-saving and paper-recycling policies in our offices.

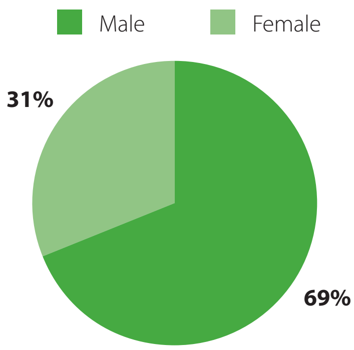
B. Society

1. Employment and Labor Practices

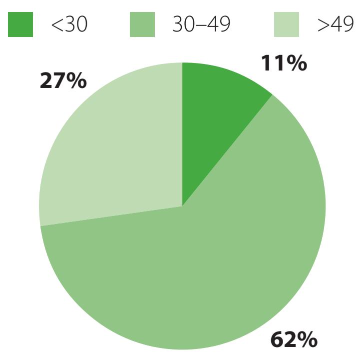
As of 31 December 2019, we have 2,408 employees, and all the employments are all in line with the employment and labor laws and regulations. Approximately 98% of our employees are located in mainland China, among which the proportions of male and female workers are 69% and 31% respectively; and the proportions of employees aged under 30, aged 30 to 49 and aged above 49 are 11%, 62% and 27% respectively.

We recognise the diversity of our employees' background, and do not have any discrimination against any potential employee of the Company on gender, age, family, marriage status or disability during recruitment.

Gender distribution



Age distribution



2. Employees' Health and Workplace Safety

We fix our office hours in strict accordance with the relevant employment laws and regulations in both Hong Kong and the PRC. We also provide medical examinations for our employees every year while the Company will contribute to various social and medical insurances and provident fund for our staff according to national standards and provide holiday allowances and bonuses for our staff.

Our business involves no high-risk operations, and the work environment is free from dust, chemical or physical radiation or other pollutions.

B. Society *(Continued)*

3. Employee Development and Training

We recognise the value of providing personal and career development opportunities for our employees, thereby increasing the attractiveness of jobs and enhancing job satisfaction. As a result, a wide range of trainings, including new employee induction training, managerial training, business training and professional training, are provided for management positions and general staff.

4. Guidelines for Employment of Labor

We, in full compliance with all labor regulations in all places of employment, strictly prohibit the employment of child labor and ensures that it contributes to social insurance and provident fund for our employees in accordance with the requirements of the relevant laws and regulations. We recruit staff according to the job requirements and strictly prohibits sexual discrimination.

5. Suppliers and Supply Chain Management

Procurement of most products and services used in our business operation are carried out through tender, strictly following competitive bidding process and implementing a set of supplier management and assessment measures to ensure the quality of products and services, as well as the professionalism during the fulfilment process.

As our business involves primary agricultural produce, there is no risk of industrial pollution, and the Company conducted regular daily waste disposal for the markets. Therefore, there is no relevant environmental risks.

Products involved in our operation are related to the daily life of the surrounding residents and the social function is relatively prominent, thus are free from big social risk. We receive strong support from the local government for operation of each markets.

6. Product Responsibility

Our main business is the operation of agriculture wholesale markets, and suppliers in the markets are mainly engaged in vegetables, fruits and other primary agriculture wholesale. So the first responsible person for all primary agricultural produce are individual business owners. The agriculture wholesale market has a great impact on the daily life of residents in the corresponding cities, and is an important part of the national "vegetable basket" project. Therefore, we set up agricultural produce testing centers in all our wholesale markets to conduct sampling inspection for all kinds of primary agricultural produce daily on site to eliminate defective products such as those with pesticide residues, and to ensure the safety of the "agricultural produce".

B. Society *(Continued)*

7. Anti-Corruption

We strictly abide by all Hong Kong and China regulations on anti-corruption. We strictly prohibit any forms of bribery or corruption in the course of its operation, and reminds our employees that they must avoid possible conflicts of interest and timely report to the Company for related matters.

We conduct systematic induction trainings for new recruits and includes a non-competitive agreement and a confidentiality agreement in the labor contract to regulate employee behavior and avoid related risks.

8. Community Investment

We organise a number of cultural and sports activities, including: monthly birthday celebrations for related employees, regular football and basketball games for our employees, and regular football matches watching activities. A great variety of activities greatly enhanced the cohesiveness between our employees and the Group.

Independent Auditor's Report

Independent auditor's report
to the shareholders of China Dili Group
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Dili Group (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 143, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Assessment of impairment of goodwill

Refer to Note 14 to the consolidated financial statements and the accounting policies in Note 2(f).

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2019, goodwill, which arose from the acquisition of agriculture wholesale markets business in 2015 and the acquisition of three agriculture wholesale markets in Hangzhou (the "Hangzhou Business") during 2018, accounted for approximately 8.1% of the Group's total assets at that date. The agriculture wholesale markets business acquired in 2015 and the Hangzhou Business are identified as two separate cash-generating units ("CGUs"). Management compared the carrying amount of the CGUs with their respective recoverable amount, which were determined by assessing the value-in-use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involved the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining appropriate discount rates. We identified assessment of impairment of goodwill as a key audit matter because management's assessment of the value of the future cash flows expected to be derived from agriculture wholesale markets business involved certain critical judgements in respect of the assumptions made which are inherently uncertain and could be subject to the management bias.	Our audit procedures to assess impairment of goodwill included the following: • Assessing the reliability of management's cash flow forecasting process by comparing the previous year's forecasts for the agriculture wholesale markets business acquired in 2015 and the Hangzhou Business with the current year's results, discussing significant variances with management and considering the effect of such variances on the current year's forecasts; • Evaluating management's valuation methodology with reference to the requirements of the prevailing accounting standards, assessing the discount rates applied by comparison with the discount rates for similar companies in the same industry and assessing other key assumptions adopted in the cash flow forecasts based on available market information and by comparison with other companies in the same industry; • Obtaining management's sensitivity analysis and challenging the discount rates and other key assumptions to which the outcome of the impairment assessments was most sensitive, including forecasted revenue and forecasted profit margins, and considering if there was any indication of management bias in the selection of these assumptions; and • Considering the disclosures in the consolidated financial statements in respect of the impairment assessments with reference to the requirements of the prevailing accounting standards.

Key audit matters *(Continued)*

Recoverability of other receivables

Refer to Notes 18 and 28(a) to the consolidated financial statements and the accounting policies in Notes 2(m) and 2(p).

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2019, the Group has other receivables amounted to RMB1,204,428,000, which accounted for approximately 8.9% of the Group's total assets at that date. Under International Accounting Standard 9 *Financial Instruments*, which the Group has adopted since 1 January 2018, these financial assets are carried at amortised cost and assessed for impairment under the expected credit loss ("ECL") model. Under the ECL model, credit losses arise when there is a difference between the contractual cash flows due to the Group and the cash flows that the Group expects to receive. Loss allowances are measured at an amount equal to lifetime ECLs for all trade receivables and for other receivables where there has been a significant increase in credit risk of the other receivable since initial recognition. For other receivables where there has not been a significant increase in credit risk, allowances are measured at an amount equal to 12-month ECL.	Our audit procedures to assess recoverability of other receivables included the following: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, segmentation of other receivables, debt collection and estimating the credit loss allowance; • Evaluating the Group's policy for estimating the credit loss allowance with reference to the prevailing accounting standards; • Obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the other receivables based on credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;

Key audit matters *(Continued)*

Recoverability of other receivables *(Continued)*

Refer to Notes 18 and 28(a) to the consolidated financial statements and the accounting policies in Notes 2(m) and 2(p). (Continued)

The Key Audit Matter	How the matter was addressed in our audit
In measuring ECLs, the Group takes into account information about past events, specific information of the debtors, current market conditions and forecasts of future economic conditions. Such assessment involves significant management judgement and estimation. We identified assessment of recoverability of receivables as a key audit matter because of the financial significance to the Group and the inherent uncertainty in management's exercise of judgement.	• Assessing whether items were correctly categorised in the other receivables aging report by inspecting, on a sample basis, contracts with debtors and the cash receipts of the transactions; • Obtaining, on a sample basis, external confirmation from the debtors on the balances outstanding as at 31 December 2019; and • Inspecting, on a sample basis, the receipts from debtors subsequent to the reporting date relating to the balances as at 31 December 2019.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

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.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 *Ng Kwok Keung*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2020

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000 *(Note)*
Revenue	*3(a)*	**1,421,019**	1,128,654
Other income/(expenses)	*4*	**121,920**	(59,435)
Net valuation gain on investment properties	*12*	**243,422**	13,500
Administrative expenses		**(622,671)**	(703,134)
Other operating expenses		**(314,278)**	(691,339)
Profit/(loss) from operations		**849,412**	(311,754)
Finance income		**72,495**	74,319
Finance expenses		**(116,457)**	(17,490)
Net finance (expenses)/income	*5(b)*	**(43,962)**	56,829
Profit/(loss) before taxation	*5*	**805,450**	(254,925)
Income tax	*6*	**(234,995)**	(93,676)
Profit/(loss) for the year		**570,455**	(348,601)
Attributable to:			
Equity shareholders of the Company		**557,285**	(360,901)
Non-controlling interests		**13,170**	12,300
Profit/(loss) for the year		**570,455**	(348,601)
			(Restated)
Basic and diluted earnings/(loss) per share (RMB cents)	*10*	**9.94**	(7.23)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

The notes on pages 62 to 143 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	**2019 RMB'000**	2018 RMB'000 *(Note)*
Profit/(loss) for the year		**570,455**	(348,601)
Other comprehensive income for the year (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	*9*	**34,684**	135,838
Total comprehensive income for the year		**605,139**	(212,763)
Attributable to:			
Equity shareholders of the Company		**591,969**	(225,063)
Non-controlling interests		**13,170**	12,300
Total comprehensive income for the year		**605,139**	(212,763)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

The notes on pages 62 to 143 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2019

	Note	31 December 2019 RMB'000	31 December 2018 RMB'000 (Note)
Non-current assets			
Property and equipment	*11*	**4,778,359**	1,952,043
Investment properties	*12*	**4,768,900**	446,500
Intangible assets	*13*	**12,630**	5,385,625
Goodwill	*14*	**1,094,526**	1,094,526
Other assets	*16*	**927,677**	29,035
Other receivables	*18*	**255,460**	–
Deferred tax assets	*23(b)*	**601**	676
Total non-current assets		**11,838,153**	8,908,405
Current assets			
Inventories	*17*	**44,337**	35,604
Other receivables	*18*	**948,968**	1,255,940
Cash at bank and on hand	*19*	**671,619**	1,354,070
Other assets	*16*	**2,262**	35,286
Total current assets		**1,667,186**	2,680,900
Current liabilities			
Bank loans	*20*	**173,500**	198,500
Other payables	*21*	**860,281**	666,838
Lease liabilities	*22*	**125,617**	–
Taxation	*23(a)*	**114,698**	122,543
Total current liabilities		**1,274,096**	987,881
Net current assets		**393,090**	1,693,019
Total assets less current liabilities		**12,231,243**	10,601,424

Consolidated Statement of Financial Position

At 31 December 2019

	Note	31 December 2019 RMB'000	31 December 2018 RMB'000 (Note)
Non-current liabilities			
Bank loans	*20*	**299,680**	373,180
Lease liabilities	*22*	**1,447,037**	–
Deferred tax liabilities	*23(b)*	**1,657,844**	1,711,492
Deferred income		**2,404**	3,205
Total non-current liabilities		**3,406,965**	2,087,877
Net assets		**8,824,278**	8,513,547
Capital and reserves			
Share capital	*24(c)*	**478,794**	478,794
Reserves	*24(d)*	**8,134,133**	7,922,923
Total equity attributable to equity shareholders of the Company		**8,612,927**	8,401,717
Non-controlling interests		**211,351**	111,830
Total equity		**8,824,278**	8,513,547

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

Approved and authorised for issue by the board of directors on 26 March 2020.

Wang Yan
Chairman

Dai Bin
Director

The notes on pages 62 to 143 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Statutory reserve fund RMB'000	Shares held for share award scheme RMB'000	Exchange reserves RMB'000	Merger reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		24(c)	*24(d)(i)*	*24(d)(ii)*	*24(d)(iii)*	*24(d)(iv)*	*24(d)(v)*	*24(d)(vi)*	*24(d)(vii)*				
Balance at 1 January 2018		366,604	13,862,305	7,508	129,488	754,124	–	(219,051)	128,704	(8,092,804)	6,936,878	–	6,936,878
Changes in equity for 2018													
Loss for the year		–	–	–	–	–	–	–	–	(360,901)	(360,901)	12,300	(348,601)
Other comprehensive income		–	–	–	–	–	–	135,838	–	–	135,838	–	135,838
Total comprehensive income		–	–	–	–	–	–	135,838	–	(360,901)	(225,063)	12,300	(212,763)
Transfer to reserve fund	*24(d)(iv)*	–	–	–	–	52,509	–	–	–	(52,509)	–	–	–
Issue of shares under rights issue	*24(c)(ii)*	112,190	1,716,508	–	–	–	–	–	–	–	1,828,698	–	1,828,698
Shares purchased for the share award scheme	*24(d)(v)*	–	–	–	–	–	(138,796)	–	–	–	(138,796)	–	(138,796)
Acquisition of business		–	–	–	–	–	–	–	–	–	–	99,530	99,530
Balance at 31 December 2018 *(Note)*		478,794	15,578,813	7,508	129,488	806,633	(138,796)	(83,213)	128,704	(8,506,214)	8,401,717	111,830	8,513,547

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Statutory reserve fund RMB'000	Shares held for share award scheme RMB'000	Exchange reserves RMB'000	Merger reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		24(c)	*24(d)(i)*	*24(d)(ii)*	*24(d)(iii)*	*24(d)(iv)*	*24(d)(v)*	*24(d)(vi)*	*24(d)(vii)*				
Balance at 1 January 2019		478,794	15,578,813	7,508	129,488	806,633	(138,796)	(83,213)	128,704	(8,506,214)	8,401,717	111,830	8,513,547
Adjustment on initial application of IFRS 16, net of tax	*2(b)*	–	–	–	–	–	–	–	–	(237,892)	(237,892)	–	(237,892)
Adjusted balance at 1 January 2019		478,794	15,578,813	7,508	129,488	806,633	(138,796)	(83,213)	128,704	(8,744,106)	8,163,825	111,830	8,275,655
Changes in equity for 2019													
Profit for the year		–	–	–	–	–	–	–	–	557,285	557,285	13,170	570,455
Other comprehensive income		–	–	–	–	–	–	34,684	–	–	34,684	–	34,684
Total comprehensive income		–	–	–	–	–	–	34,684	–	557,285	591,969	13,170	605,139
Transfer to reserve fund	*24(d)(iv)*	–	–	–	–	69,989	–	–	–	(69,989)	–	–	–
Shares purchased for the share award scheme	*24(d)(v)*	–	–	–	–	–	(134,491)	–	–	–	(134,491)	–	(134,491)
Capital contribution		–	–	–	–	–	–	–	–	–	–	97,020	97,020
Acquisition of non-controlling interests	*24(d)(iii)*	–	–	–	(8,376)	–	–	–	–	–	(8,376)	(4,669)	(13,045)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(6,000)	(6,000)
Balance at 31 December 2019		478,794	15,578,813	7,508	121,112	876,622	(273,287)	(48,529)	128,704	(8,256,810)	8,612,927	211,351	8,824,278

The notes on pages 62 to 143 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000 *(Note)*
Operating activities			
Profit/(loss) for the year		**570,455**	(348,601)
Adjustments for:			
Depreciation	*5(c)*	**285,474**	84,582
Amortisation	*5(c)*	**–**	324,333
Net finance expense/(income)	*5(b)*	**41,758**	(57,951)
Net loss on disposal of property and equipment	*4*	**12,835**	189,223
Change in fair value of investment properties	*12*	**(243,422)**	(13,500)
Net realised and unrealised loss on financial assets measured at fair value through profit or loss	*4*	**21,865**	3,018
Government grant received	*4*	**(5,055)**	–
Income tax	*6*	**234,995**	93,676
Operating profit before changes in working capital		**918,905**	274,780
(Increase)/decrease in other receivables and other assets		**(21,167)**	217,027
Increase/(decrease) in other payables		**196,389**	(608,159)
(Increase)/decrease in inventories		**(7,938)**	9,040
Cash generated from/(used in) operating activities		**1,086,189**	(107,312)
Income tax paid	*23(a)*	**(217,116)**	(169,608)
Net cash generated from/(used in) operating activities		**869,073**	(276,920)
Investing activities			
Acquisition of the Hangzhou Business, net of cash paid		**–**	(997,472)
Proceeds from sales of financial assets measured at fair value through profit or loss		**25,634**	19,154
Purchase of financial assets measured at fair value through profit or loss		**(542,992)**	–
Net proceeds from disposal of property and equipment		**16,221**	9,783
Interest received		**93,767**	22,074
Purchase of property and equipment		**(191,282)**	(86,088)
Prepayment for purchase of land use right		**(277,000)**	–
Government grant received		**4,254**	2,880
Payment for loans and advances to third parties		**(1,594,468)**	(1,737,580)
Payment for loans to related parties		**(235,000)**	–
Proceeds from repayment of loans and advances to third parties		**1,695,613**	1,921,933
Prepayment of deposits for acquisition of projects		**(175,000)**	(777,000)
Proceeds from repayment of deposits for acquisition of projects		**–**	377,000
(Increase)/decrease in time deposits		**(20,000)**	125,000
Net cash used in investing activities		**(1,200,253)**	(1,120,316)

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000 *(Note)*
Financing activities			
Capital element of lease rentals paid		**(102,002)**	–
Interest element of lease rentals paid		**(79,858)**	–
Purchase of shares for the purpose of share award scheme		**(134,491)**	(138,796)
Proceeds from issuance of shares under rights issue	*24(c)*	**–**	1,828,698
Repayment of bank loans		**(198,500)**	(20,500)
Proceeds from bank loans		**100,000**	–
Dividends paid to non-controlling interests		**(6,000)**	–
Capital received from non-controlling interests		**97,020**	–
Payment for acquisition of non-controlling interests		**(13,045)**	–
Interest paid		**(32,266)**	(16,368)
Net cash (used in)/generated from financing activities		**(369,142)**	1,653,034
Net (decrease)/increase in cash and cash equivalents		**(700,322)**	255,798
Cash and cash equivalents at 1 January		**1,354,070**	1,097,118
Effect of foreign exchange rate changes		**(2,129)**	1,154
Cash and cash equivalents at 31 December	*19(a)*	**651,619**	1,354,070

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

The notes on pages 62 to 143 form part of these financial statements.

Notes to the Financial Statements

1 General information

China Dili Group (the "Company") was incorporated in the Cayman Islands on 20 November 2007 and registered as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the operation of agriculture wholesale markets in the People's Republic of China (the "PRC").

On 24 July 2018, Yield Smart Limited ("Yield Smart"), a wholly-owned subsidiary of the Company, has acquired the entire issued share capital of Wise Path Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI"), in turn to acquire the fruit, vegetables and seafood wholesale markets businesses (the "Hangzhou Business"), in Hangzhou, the PRC (the "Hangzhou Acquisition").

Pursuant to a special resolution in relation to the change of company name duly passed at the extraordinary general meeting of the Company held on 24 May 2019, together with the approvals granted by the Registry of Companies in the Cayman Islands in respect of the change of company name and the adoption of dual foreign name on 29 May 2019 and 30 May 2019 respectively, the name of the Company has been changed from "Renhe Commercial Holdings Company Limited (人和商業控股有限公司)" to "China Dili Group (中国地利集团)".

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Group. The measurement basis used in the preparation of the financial statements is the historical cost basis, except for that the following assets are stated at their fair value as explained in the accounting policies set out below:

— investment property, including interests in leasehold land and buildings held as investment property (see Note 2(i)).

— investments in debt and equity securities (see Note 2(g)); and

— derivative financial instruments (see Note 2(h)).

2 Significant accounting policies *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 35.

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC-15, *Operating leases — Incentives,* and SIC-27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets . As far as the Group is concerned, these newly capitalised leases are primarily in relation to property and equipment as disclosed in Note 26(b). For an explanation of how the group applies lessee accounting, see Note 2(l)(i).

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.9%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact *(Continued)*

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in Note 26(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 RMB'000
Operating lease commitments at 31 December 2018, net of tax	2,454,937
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(8,933)
	2,446,004
Less: total future interest expenses	(773,494)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	1,672,510
Total lease liabilities recognised at 1 January 2019	1,672,510

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact *(Continued)*

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Recognition of right-of-use assets based on lease liabilities	Transfer from intangible assets for favourable term lease contract	Transfer from property and equipment for leasehold improvement used as investment properties	Fair value adjustment for right-of-use assets accounted for as investment properties	Carrying amount at 1 January 2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(A)	(B)	(C) *(Note 1)*	(D)	(E) *(Note 2)*	(F=A+B+ C+D+E)
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:						
Property and equipment	1,952,043	829,664	1,878,911	(28,886)	–	4,631,732
Investment properties	446,500	849,543	3,494,360	28,886	(317,189)	4,502,100
Intangible assets	5,385,625	–	(5,373,271)	–	–	12,354
Total non-current assets	**8,908,405**	**1,679,207**	**–**	**–**	**(317,189)**	**10,270,423**
Other receivables	1,255,940	(6,697)	–	–	–	1,249,243
Total current assets	**2,680,900**	**(6,697)**	**–**	**–**	**–**	**2,674,203**
Lease liabilities (current)	–	153,194	–	–	–	153,194
Total current liabilities	**987,881**	**153,194**	**–**	**–**	**–**	**1,141,075**
Net current assets	**1,693,019**	**(159,891)**	**–**	**–**	**–**	**1,533,128**
Total assets less current liabilities	**10,601,424**	**1,519,316**	**–**	**–**	**(317,189)**	**11,803,551**
Lease liabilities (non-current)	–	1,519,316	–	–	–	1,519,316
Deferred tax liabilities	1,711,492	–	–	–	(79,297)	1,632,195
Total non-current liabilities	**2,087,877**	**1,519,316**	**–**	**–**	**(79,297)**	**3,527,896**
Net assets	**8,513,547**	**–**	**–**	**–**	**(237,892)**	**8,275,655**

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact *(Continued)*

Note 1: IFRS 16 makes consequential amendments to IFRS 3 *Business Combinations*. If a lessee previously recognised an intangible asset for a favourable operating lease, then it derecognises that asset on transition to IFRS 16. The Group recognised intangible assets for favourable term lease agreements in the year 2015, which was derecognised on transition to IFRS 16 (see Note 13).

Note 2: Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). In prior years, the Group did not elect to apply IAS 40, *Investment Property*, to any of its leasehold investment properties (such election was permitted to be made on a property-by-property basis). On transition to IFRS 16, the Group as the lessee is required to re-measure the leasehold investment properties to their fair value based on the remaining leasehold interest and the lease liability (if any) under the applicable transition requirements of IFRS 16, with the net change recognised as an adjustment to the opening balance of equity (see Note 12).

The transitional impact of the adoption of IFRS 16 on the Group's consolidated statement of financial position as at 1 January 2019 was different from that previously reported in the 2019 interim financial report issued by the Company on 29 August 2019.

On 5 June 2018, Yield Smart, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with New Amuse Limited ("New Amuse") under which it conditionally agreed to acquire and New Amuse conditionally agreed to sell the entire issued share capital of United Progress Group Limited ("United Progress") which is a wholly-owned subsidiary of New Amuse (the "Hada Acquisition"). At the time of preparing the Company's interim financial report for the period ended 30 June 2019, the management of the Company considered that certain lease agreements entered into with the subsidiaries of United Progress would be terminated upon the completion of the Hada Acquisition, which was expected to take place during the year ended 31 December 2019. Accordingly, the Company has taken advantage of the transitional practical expedient of not applying the requirements of IFRS 16 to leases for which the remaining lease terms end within 12 months from the date of initial application of IFRS 16 and did not recognise any associated lease liabilities and right-of-use assets for these leases at that date.

Subsequent to the issuance of the interim financial report, as disclosed in the Company's announcements dated 30 September and 27 December 2019, the Company was informed by New Amuse that certain conditions precedents were yet to be satisfied and the completion of the Hada Acquisition would not take place on 31 December 2019. The Company and New Amuse are in discussions of alternative transaction structures and/or revisions of the scope of the Hada Acquisition. In light of these development, the management of the Company re-assessed the lease terms of the leases with the subsidiaries of United Progress at the date of initial application of IFRS 16, determined that it was not reasonably certain that these lease agreements would be terminated within 12 months from that date, and capitalised these leases from 1 January 2019 under the modified retrospective approach to transition. The table below summarised the impacts on the transitional amounts compared to those disclosed in the interim financial report.

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact *(Continued)*

	As at 1 January 2019	
	As disclosed in interim financial report RMB'000	As disclosed in annual financial statements RMB'000
Consolidated Statement of Financial Position		
Non-current assets		
Property and equipment	2,324,910	4,631,732
Investment properties	446,500	4,502,100
Intangible assets	5,385,625	12,354
Current liabilities		
Lease liabilities	36,383	153,194
Non-current liabilities		
Lease liabilities	329,787	1,519,316
Deferred tax liabilities	1,711,492	1,632,195
Net assets	8,513,547	8,275,655

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the period.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see Note 19(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement (see Note 19(c)).

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group *(Continued)*

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019						2018
	Amounts reported under IFRS 16 (A) RMB'000	Add back: IFRS 16 depreciation and interest expense related to right-of-use assets based on lease liabilities (B) RMB'000	Deduct: Estimated amounts related to operating leases as if under IAS 17 (C) RMB'000 *(Note 1)*	Deduct: Amortisation of intangible assets for a favourable operating lease (D) RMB'000	Deduct: Fair value change for leasehold investment property (E) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (F=A+B-C-D-E) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:							
Net valuation gain on investment properties	243,422	–	–	–	184,565	58,857	13,500
Administrative expenses	(622,671)	169,154	15,451	–	1,380	(470,348)	(703,134)
Other operating expenses	(314,278)	19,409	166,409	324,333	–	(785,611)	(691,339)
Profit/(loss) from operations	**849,412**	**188,563**	**181,860**	**324,333**	**185,945**	**345,837**	(311,754)
Finance expenses	(116,457)	79,858	–	–	–	(36,599)	(17,490)
Profit/(loss) before taxation	**805,450**	**268,421**	**181,860**	**324,333**	**185,945**	**381,733**	(254,925)
Income tax	(234,995)	(27,076)	–	(81,083)	(46,486)	(134,502)	(93,676)
Profit/(loss) for the year	**570,455**	**241,345**	**181,860**	**243,250**	**139,459**	**247,231**	(348,601)

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group *(Continued)*

	2019			2018
	Amounts reported under IFRS 16 (A) RMB'000	Estimated amounts related to operating leases as if under IAS 17 (B) RMB'000 *(Notes 1 & 2)*	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of IFRS 16:				
Cash generated from/(used in) operating activities	1,086,189	(181,860)	904,329	(107,312)
Net cash generated from/ (used in) operating activities	**869,073**	**(181,860)**	**687,213**	(276,920)
Capital element of lease rentals paid	(102,002)	102,002	–	–
Interest element of lease rentals paid	(79,858)	79,858	–	–
Net cash (used in)/generated from financing activities	**(369,142)**	**181,860**	**(187,282)**	1,653,034

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still been applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still been applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 had still been applied.

2 Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

IFRS 16, Leases (Continued)

d. Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(d) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying on the principal activities of the Group. The Company and its overseas subsidiaries' functional currency is Hong Kong dollar ("HKD"). Since the Group's operations are conducted in the PRC, the Group has adopted RMB as its presentation currency.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2 Significant accounting policies *(Continued)*

(e) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 Significant accounting policies *(Continued)*

(g) Investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(w)(v)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(w)(iv).

2 Significant accounting policies *(Continued)*

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(w)(i).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see Note 2(l)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in Note 2(l).

(j) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(m)(ii)), including:

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of equipment, including right-of-use assets arising from leases of underlying equipment (see Note 2(m)).

The cost of self-constructed items of property and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

2 Significant accounting policies *(Continued)*

(j) Property and equipment *(Continued)*

Depreciation is calculated to write off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful life, being no more than 50 years after the date of completion.
- Leasehold land is depreciated over the unexpired term of lease.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Machinery equipment 5–10 years
- Office equipment 5–10 years
- Vehicles 5–20 years

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(m)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Favourable term lease contract 20 years

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Significant accounting policies *(Continued)*

(l) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. 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. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets 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, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property which are carried at fair value.

2 Significant accounting policies *(Continued)*

(l) Leased assets *(Continued)*

(i) As a lessee (Continued)

(A) Policy applicable from 1 January 2019 *(Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property and equipment" and presents lease liabilities separately in the statement of financial position.

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (see Note 2(i)); and

— land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 Significant accounting policies *(Continued)*

(l) Leased assets *(Continued)*

(i) As a lessee (Continued)

(B) Policy applicable prior to 1 January 2019 *(Continued)*

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in Note 2(j). Impairment losses were accounted for in accordance with the accounting policy as set out in Note 2(m)(ii). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with Note 2(w)(i).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an 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 exemption described in Note 2(l)(i), then the Group classifies the sub-lease as an operating lease.

2 Significant accounting policies *(Continued)*

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents and other receivables); and

— lease receivables.

Other financial assets measured at fair value, including units in bond funds, equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 Significant accounting policies *(Continued)*

(m) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs *(Continued)*

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates ;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 Significant accounting policies *(Continued)*

(m) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(w)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

2 Significant accounting policies *(Continued)*

(m) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property and equipment, including right-of-use assets (other than property carried at revalued amounts);

— intangible assets;

— goodwill; and

— investments in subsidiaries, associates in the company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 Significant accounting policies *(Continued)*

(m) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets (Continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2 Significant accounting policies *(Continued)*

(n) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories (see Note 2(n)(i)), or property and equipment (see Note 2(j)) or intangible assets (see Note 2(k)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, or property and equipment or intangible assets, are expensed as incurred.

2 Significant accounting policies *(Continued)*

(n) Inventories and other contract costs *(Continued)*

(ii) Other contract costs (Continued)

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(w).

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(p)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(w)).

(p) Other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note2(o)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(m)(i)).

2 Significant accounting policies *(Continued)*

(q) Other payables

Other payables are initially recognised at fair value. Other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(m)(i).

(s) Bank loans

Bank loans are measured initially at fair value less transaction costs. Subsequent to initial recognition, bank loans are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(y)).

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

2 Significant accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(iii) Terminate benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 Significant accounting policies *(Continued)*

(u) Income tax *(Continued)*

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies *(Continued)*

(v) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 2(v)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 2(v)(i).

2 Significant accounting policies *(Continued)*

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Lease income from operating lease

Lease income from operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised in profit or loss as an integral part of the total lease income, over the term of the lease. 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 earned.

(ii) Commission income

Commission income from lease and management of agriculture wholesale market is recognised in profit or loss on a straight-line basis over the period in which the goods are traded in the agriculture wholesale market.

(iii) Services

Revenue is recognised upon services transferred to the customer.

(iv) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 Significant accounting policies *(Continued)*

(w) Revenue and other income *(Continued)*

(v) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(m)(i)).

(vi) Government grants

Government grants are recognised in the statement of financial position when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 Significant accounting policies *(Continued)*

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of 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).

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

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

2 Significant accounting policies *(Continued)*

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Revenue and segment reporting

(a) Disaggregation of revenue

Disaggregation of revenue with customers by service lines is as follows:

	2019 **RMB'000**	2018 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Commission income	**1,009,960**	810,572
Revenue from other sources		
Operating lease	**411,059**	318,082
	1,421,019	1,128,654

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue during the year (2018: Nil).

3 Revenue and segment reporting *(Continued)*

(b) Segment reporting

The Group manages its business in a single segment, namely operation of agriculture wholesale markets. The Group's most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

All of the Group's operations are located in the PRC, therefore no geographical segment reporting is presented.

4 Other income/(expenses)

	2019 **RMB'000**	2018 RMB'000
Market service fee income	**151,172**	126,845
Loss on disposal of property and equipment	**(12,835)**	(189,223)
Government grants	**5,055**	1,822
Net realised and unrealised loss on financial assets measured at FVPL	**(21,865)**	(3,018)
Others	**393**	4,139
	121,920	(59,435)

5 Profit/(loss) before taxation

(a) Personnel expenses

	2019 **RMB'000**	2018 RMB'000
Wages, salaries and other benefits	**381,639**	349,221
Contributions to defined contribution retirement plans	**27,257**	22,538
	408,896	371,759

5 Profit/(loss) before taxation *(Continued)*

(b) Net finance (expenses)/income

	2019 RMB'000	2018 RMB'000 *(Note)*
Finance income		
— Interest income on bank deposits	**9,722**	7,549
— Interest income on loans to third parties	**62,773**	65,616
— Net foreign exchange gain	**–**	1,154
	72,495	74,319
Finance expenses		
— Interest on bank loans	**(32,266)**	(16,368)
— Interest on lease liabilities	**(79,858)**	–
— Bank charges and others	**(2,204)**	(1,122)
— Net foreign exchange loss	**(2,129)**	–
	(116,457)	(17,490)
	(43,962)	56,829

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

5 Profit/(loss) before taxation *(Continued)*

(c) Other items

	Note	2019 RMB'000	2018 RMB'000
Depreciation	11		
— owned property and equipment*		**80,530**	84,582
— right-of-use assets*		**204,944**	–
Amortisation	13	**–**	324,333
Repairs and maintenance		**31,486**	37,502
Utility charges		**40,910**	46,830
Operating lease expenses relating to short-term leases waived from IFRS 16		**8,933**	–
Operating lease charges under IAS 17		**–**	140,331
Auditors' remuneration		**5,000**	14,538

* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 2(c).

6 Income tax

(a) Income tax in the consolidated statement of profit or loss represents:

	Note	2019 RMB'000	2018 RMB'000
Current tax			
PRC Enterprise Income Tax			
Provision for the year		**207,974**	174,661
Under-provision in respect of prior years		**1,297**	1,140
		209,271	175,801
Deferred tax			
Reversal and origination of temporary difference	23(b)	**25,724**	(82,125)
		234,995	93,676

6 Income tax *(Continued)*

(a) Income tax in the consolidated statement of profit or loss represents: *(Continued)*

(i) According to the Corporate Income Tax Law of the PRC, from 1 January 2008, the statutory income tax rate applicable to the Group's subsidiaries in the PRC is 25% (2018: 25%).

(ii) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(iii) No provision for Hong Kong Profits Tax has been made as the Group did not earn any profit subject to Hong Kong Profits Tax during the year.

(b) Reconciliation between tax expenses and accounting profit/(loss) at applicable tax rates:

	2019 **RMB'000**	2018 RMB'000
Profit/(loss) before taxation	**805,450**	(254,925)
Income tax calculated at the PRC statutory income tax rate	**201,362**	(63,731)
Tax effect of unused tax losses	**39,249**	156,832
Effect of non-taxable expenses	**5,167**	33,886
Effect of non-taxable income	**(10,783)**	(33,311)
	234,995	93,676

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
2019					
Chairman					
Wang Yan	–	14,332	17,916	16	32,264
Executive director					
Dai Bin	–	4,300	14,332	16	18,648
Non-executive directors					
Yin Jianhong	–	–	–	–	–
Yang Yuhua	–	–	–	–	–
Independent non-executive directors					
Fan Ren-Da, Anthony	–	430	–	–	430
Wang Yifu	–	322	–	–	322
Leung Chung Ki	–	322	–	–	322
Tang Hon Man	–	322	–	–	322
	–	20,028	32,248	32	52,308

7 Directors' emoluments *(Continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
2018					
Chairman					
Dai Yongge (resigned in September 2018)	–	15,772	26,286	–	42,058
Wang Yan (appointed in September 2018)	–	4,556	8,762	–	13,318
Executive directors					
Wang Hongfang (resigned in September 2018)	–	10,399	–	–	10,399
Dai Bin	–	4,206	7,010	–	11,216
Non-executive directors					
Hawken Xiu Li (resigned in December 2018)	–	1,051	–	–	1,051
Jiang Mei (resigned in December 2018)	–	1,051	–	–	1,051
Zhang Xingmei (resigned in December 2018)	–	1,051	–	–	1,051
Zhang Dabin (resigned in December 2018)	–	1,051	–	–	1,051
Wang Chunrong (resigned in December 2018)	–	1,051	–	–	1,051
Yin Jianhong (appointed in December 2018)	–	–	–	–	–
Yang Yuhua (appointed in December 2018)	–	–	–	–	–
Independent non-executive directors					
Fan Ren-Da, Anthony	–	424	–	–	424
Wang Yifu	–	315	–	–	315
Wang Shengli (resigned in December 2018)	–	315	–	–	315
Leung Chung Ki	–	315	–	–	315
Tang Hon Man	–	315	–	–	315
	–	41,872	42,058	–	83,930

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2018: four) are directors whose emoluments are disclosed in Note 7. The emolument in respect of the other three (2018: one) individuals is as follows:

	2019 **RMB'000**	2018 RMB'000
Salaries and other emoluments	**18,317**	6,834
Retirement scheme contributions	**48**	16
	18,365	6,850

The emolument of the three (2018: one) individuals with the highest emoluments is within the following bands:

	2019 **Number of individuals**	2018 Number of individuals
HKD6,000,001 – HKD6,500,000	**2**	–
HKD7,500,001 – HKD8,000,000	**1**	1

9 Other comprehensive income

	2019 **RMB'000**	2018 RMB'000
Exchange differences on translation of:		
— financial statements of oversea subsidiaries before tax amount and net of tax amount	**34,684**	113,930
Reclassification of foreign currency translation on disposal of subsidiaries	**–**	21,908
	34,684	135,838

10 Basic and diluted earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB557,285,000 (2018: loss of RMB360,901,000) and the weighted average of 5,605,196,000 ordinary shares (2018 (Restated): 4,990,844,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Note	**2019** **'000**	2018 '000 (Restated)
Issued ordinary shares at 1 January		**5,715,593**	4,396,610
Effect of shares issued under rights issue	*24(c)(ii)*	**–**	607,094
Effect of shares held for share award scheme	*24(d)(v)*	**(110,397)**	(12,860)
Weighted average number of ordinary shares at 31 December		**5,605,196**	4,990,844

The weighted average number of ordinary shares during the year ended 31 December 2018 for the purpose of calculating basic loss per share has been adjusted for the consolidation of shares on the basis that every ten issued and unissued shares being converted into one consolidated share which took place on 27 May 2019. Details of the share consolidation are set out in Note 24(c)(i).

During the years ended 31 December 2019 and 2018, diluted earnings/(loss) per share is calculated on the same basis as basic earnings/(loss) per share.

11 Property and equipment

(a) Reconciliation of carrying amount

	Land and Buildings RMB'000 (i)	Other properties leased for own use and leasehold improvements carried at cost RMB'000	Machinery equipment RMB'000	Office equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Under construction RMB'000	Total RMB'000
Cost								
At 1 January 2018	–	–	45,662	63,162	585,078	123,465	108,588	925,955
Exchange reserve	–	–	–	724	27,860	–	–	28,584
Acquisition of business	1,583,114	–	2,278	8,827	7,292	164	839	1,602,514
Additions	–	–	17,743	6,752	8,284	23,196	38,515	94,490
Disposals	–	–	(653)	(2,573)	(591,254)	–	–	(594,480)
Transfer from under construction	–	–	8,523	1,070	–	118,229	–	127,822
Transfer to property and equipment	–	–	–	–	–	–	(127,822)	(127,822)
At 31 December 2018	1,583,114	–	73,553	77,962	37,260	265,054	20,120	2,057,063
Impact on initial application of IFRS 16 *(Note)*								
— Recognition of right-of-use assets based on lease liabilities	–	829,664	–	–	–	–	–	829,664
— Transfer from intangible assets *(Note 13)*	–	1,878,911	–	–	–	–	–	1,878,911
— Transfer to investment properties *(Note 12)*	–	–	–	–	–	(29,549)	(1,342)	(30,891)
— Transfer to right-of-use assets for leasehold improvements	–	253,708	–	–	–	(235,505)	(18,203)	–
At 1 January 2019	**1,583,114**	**2,962,283**	**73,553**	**77,962**	**37,260**	**–**	**575**	**4,734,747**
Exchange reserve	**–**	**301**	**–**	**361**	**427**	**–**	**–**	**1,089**
Additions	**–**	**167,753**	**1,940**	**5,238**	**915**	**–**	**277,855**	**453,701**
Disposals	**(4,070)**	**(21,894)**	**(1,128)**	**(15,430)**	**(6,049)**	**–**	**–**	**(48,571)**
Transfer from under construction	**–**	**–**	**610**	**3,440**	**–**	**–**	**–**	**4,050**
Transfer to property and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**(4,050)**	**(4,050)**
At 31 December 2019	**1,579,044**	**3,108,443**	**74,975**	**71,571**	**32,553**	**–**	**274,380**	**5,140,966**

11 Property and equipment *(Continued)*

(a) Reconciliation of carrying amount *(Continued)*

	Land and Buildings RMB'000	Other properties leased for own use and leasehold improvements carried at cost RMB'000	Machinery equipment RMB'000	Office equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Under construction RMB'000	Total RMB'000
Accumulated depreciation								
At 1 January 2018	–	–	8,053	24,799	206,468	5,215	–	244,535
Exchange reserve	–	–	–	551	9,894	–	–	10,445
Charge for the year	23,500	–	6,035	10,403	31,642	13,002	–	84,582
Written back on disposals	–	–	(267)	(2,488)	(231,787)	–	–	(234,542)
At 31 December 2018	23,500	–	13,821	33,265	16,217	18,217	–	105,020
Impact on initial application of IFRS 16 *(Note)*								
— Transfer to investment properties *(Note 12)*	–	–	–	–	–	(2,005)	–	(2,005)
— Transfer to right-of-use assets for leasehold improvements	–	16,212	–	–	–	(16,212)	–	–
At 1 January 2019	**23,500**	**16,212**	**13,821**	**33,265**	**16,217**	**–**	**–**	**103,015**
Exchange reserve	**–**	**–**	**–**	**300**	**319**	**–**	**–**	**619**
Charge for the year	**56,257**	**204,944**	**7,430**	**13,287**	**3,556**	**–**	**–**	**285,474**
Written back on disposals	**(3,867)**	**(2,114)**	**(908)**	**(13,699)**	**(5,913)**	**–**	**–**	**(26,501)**
At 31 December 2019	**75,890**	**219,042**	**20,343**	**33,153**	**14,179**	**–**	**–**	**362,607**
Net book value								
At 31 December 2018	1,559,614	–	59,732	44,697	21,043	246,837	20,120	1,952,043
At 31 December 2019	**1,503,154**	**2,889,401**	**54,632**	**38,418**	**18,374**	**–**	**274,380**	**4,778,359**

(i) At 31 December 2019, certain of land and buildings with an aggregate carrying value of RMB700,815,000 were pledged as securities for bank loans of the Group (Note 20(c)).

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See Note 2(c).

11 Property and equipment *(Continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	31 December 2019 RMB'000	1 January 2019 RMB'000
Other properties leased for own use and leasehold improvement, carried at depreciated cost	*(i)*	**2,889,401**	2,946,071

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its agriculture wholesale markets and offices through tenancy agreements. The leases typically run for an initial period of 2 to 20 years. Lease payments are usually increased every 3 years to reflect market rentals.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Note	2019 RMB'000	2018 RMB'000 *(Note)*
Depreciation charge of right-of-use assets by class of underlying asset:			
Leased agriculture wholesale markets		**189,946**	–
Leased offices		**14,998**	–
	5(c)	**204,944**	–
Interest on lease liabilities	*5(b)*	**79,858**	–
Operating lease expenses relating to short-term leases waived from IFRS 16	*5(c)*	**8,933**	–
Operating lease charges under IAS 17	*5(c)*	**–**	140,331

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 2(c).

During the year, additions to right-of-use assets were RMB167,753,000 which primarily related to the capitalised lease payments payable under new tenancy agreements and construction in relation to leasehold improvements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 19(c) and 22, respectively.

12 Investment properties

(a) Reconciliation of carrying amount

	Note	Ownership interests in land and buildings RMB'000	Other properties leased RMB'000	Total RMB'000
At fair value:				
At 1 January 2018		–	–	–
Acquisition of business		433,000	–	433,000
Fair value adjustment		13,500	–	13,500
At 31 December 2018		446,500	–	446,500
Impact on initial application of IFRS 16				
— Transfer from intangible asset for favourable term lease contract	*13*	–	3,494,360	3,494,360
— Transfer from property and equipment	*11*	–	28,886	28,886
— Recognition of right-of-use assets based on lease liabilities		–	849,543	849,543
— Fair value adjustment		–	(317,189)	(317,189)
At 1 January 2019		446,500	4,055,600	4,502,100
Additions		**7,643**	**15,735**	**23,378**
Fair value adjustment		**58,857**	**184,565**	**243,422**
At 31 December 2019		**513,000**	**4,255,900**	**4,768,900**

Notes:

(i) All the investment properties owned by the Group are located in the PRC.

(ii) At 31 December 2019, certain of investment properties with an aggregate carrying value of RMB495,084,000 were pledged as securities for bank loans of the Group (Note 20(c)).

12 Investment properties *(Continued)*

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the investment property measured at the end of the reporting period at recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value measurements categorised into Level 3	
	2019	2018
	RMB'000	RMB'000
Recurring fair value measurement		
Investment properties:		
— PRC	**4,768,900**	446,500

The investment properties were measured using Level 3 valuations. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All investment properties of the Group were revalued at 31 December 2019. The valuations were carried out by an independent firm of surveyors, BMI Appraisals Limited, who has among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The management of the Group have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting period.

12 Investment properties *(Continued)*

(b) Fair value measurement of investment properties *(Continued)*

(ii) *Information about Level 3 fair value measurements*

	Valuation techniques	Unobservable input	Weighted average
Ownership interests in land and buildings — PRC	Discounted cash flow	Risk-adjusted discount rate	11.5%
		Expected market rental growth	2.5%
Other properties leased — PRC	Discounted cash flow	Risk-adjusted discount rate	17.5%
		Expected market rental growth	2.5%

The fair value of investment properties located in the PRC is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and occupancy rate, and negatively correlated to the risk-adjusted discount rates.

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Ownership interests in leasehold investment property carried at fair value, with remaining lease term of:		
— between 10 and 20 years	**4,255,900**	4,055,600

(d) Investment property

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 2 years. Lease payments are usually increased every 3 years to reflect market rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year	**14,317**	21,631

13 Intangible assets

	Note	Favourable term lease contract (i) and (ii) RMB'000	Others RMB'000	Total RMB'000
Cost:				
At 1 January 2018		6,486,667	11,786	6,498,453
Exchange reserve		–	568	568
At 31 December 2018		6,486,667	12,354	6,499,021
Impact on initial application of IFRS 16				
— Transfer to property and equipment	*11*	(2,268,240)	–	(2,268,240)
— Transfer to investment properties	*12*	(4,218,427)	–	(4,218,427)
At 1 January 2019		–	12,354	12,354
Exchange reserve		**–**	**276**	**276**
At 31 December 2019		**–**	**12,630**	**12,630**
Accumulated amortisation:				
At 1 January 2018		(789,063)	–	(789,063)
Charge for the year		(324,333)	–	(324,333)
At 31 December 2018		(1,113,396)	–	(1,113,396)
Impact on initial application of IFRS 16				
— Transfer to property and equipment	*11*	**389,329**	**–**	**389,329**
— Transfer to investment properties	*12*	**724,067**	**–**	**724,067**
At 1 January 2019 and 31 December 2019		**–**	**–**	**–**
Net book value:				
At 31 December 2018		5,373,271	12,354	5,385,625
At 31 December 2019		**–**	**12,630**	**12,630**

13 Intangible assets *(Continued)*

The amortisation charge for the year is included in "other operating expenses" in the consolidated statement of profit or loss.

(i) In connection with the acquisition occurred in July 2015, the Group (as lessee) entered into 20 years lease agreements with market owners of the agriculture wholesale markets (as lessor), according to which the rent to be paid is favourable as compared with the fair value of market rent. As at the acquisition date on 27 July 2015, the Group recognised these favourable term lease agreements as an intangible asset at its fair value amounting to RMB6,486,667,000 which is amortised on a straight-line basis over the contractual life of the lease agreements. The amortisation charge for the previous year of RMB324,333,000 is included in other operating expenses in the consolidated statement of profit or loss.

(ii) Upon transition to IFRS 16 as at 1 January 2019, the Group derecognised the intangible asset arised on these favourable term lease agreements and adjusted the carrying amount of the right-of-use assets of investment property and property and equipment by the amount of the intangible asset derecognised, respectively.

14 Goodwill

	RMB'000
Cost:	
At 1 January 2018	1,519,330
Addition acquired through acquisition of Hangzhou Business	708,146
At 31 December 2018 and 31 December 2019	**2,227,476**
Accumulated impairment losses:	
At 1 January 2018, 31 December 2018 and 31 December 2019	**(1,132,950)**
Carrying amount:	
At 31 December 2018	1,094,526
At 31 December 2019	**1,094,526**

14 Goodwill *(Continued)*

At 31 December 2019, goodwill, which arose from the acquisition of agriculture wholesale markets business which was completed on 27 July 2015 ("Dili Business") and the acquisition of Hangzhou Business which was completed on 24 July 2018, amounted to RMB386,380,000 and RMB708,146,000, respectively. Dili Business and Hangzhou Business are identified as two separate cash-generating units, the recoverable amounts of which are determined based on value-in-use calculations. The impairment assessment was not based on the valuation by an independent professional valuer. However, the calculations used are the cash flow projections based on financial budgets approved by management covering a 10-year period. A longer period of the forecasts used was because agriculture wholesale markets operate stably and could be projected based on management's best estimation.

The key assumptions for the value-in-use calculations are as follows, which are based on either the past experience or external sources of information:

	Dili Business		Hangzhou Business	
	2019	2018	**2019**	2018
Annual revenue growth rate forecast	**0%–15%**	0%–15%	**3%–7%**	3%–7%
Prepetual growth rate	**2.50%**	2.50%	**2.50%**	2.50%
Pre-tax discount rate	**15.44%**	15.44%	**11.10%**	11.10%

Management determined the annual revenue growth rate forecast based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. There are no significant change for the key assumptions applied in the value-in-use calculations in 2018 and 2019.

Based on the cash flow forecast prepared by the Group as at 31 December 2019, the recoverable amount of all the CGUs exceeds their carrying amount as at 31 December 2019. Management has not identified any reasonably possible change in the key assumptions that would cause the recoverable amount to fall below the carrying amount of the respective CGUs. If the recoverable amount of the Dili Business CGU and Hangzhou Business CGU had been reduced by RMB378 million and RMB917 million respectively, any further reduction would result in an impairment loss to the respective CGUs.

15 Interests in subsidiaries

At 31 December 2019, the Company had direct or indirect interests in following subsidiaries. The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. All of which are private companies, particulars of which are set out below:

Name of subsidiary	Place and date of incorporation/ establishment	Issued/ paid-in capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Yield Smart Limited	British Virgin Islands 30 March 2015	USD2	100%	–	Investment holding
China Dili Group Management Limited	Hong Kong 18 December 2007	HKD1	–	100%	Investment holding
Shouguang Dili Agricultural Produce Logistic Park Co., Ltd. *(i)*	Shouguang, the PRC 18 December 2014	USD5,052,800	–	100%	Lease and management of agriculture wholesale market
Shenyang Shouguang Dili Agricultural Produce and Side Products Co., Ltd. *(i)*	Shenyang, the PRC 14 November 2014	RMB120,200,000	–	100%	Lease and management of agriculture wholesale market
Guiyang Juzhengrun Agricultural Produce Market Management Co., Ltd. *(i)*	Guiyang, the PRC 23 December 2014	HKD200,000	–	100%	Lease and management of agriculture wholesale market
Harbin Dili Agricultural Produce and Side Products Co., Ltd. *(i)*	Harbin, the PRC 24 October 2014	RMB200,000	–	100%	Lease and management of agriculture wholesale market
Harbin Dalikai Agricultural Produce and Side Products Co., Ltd. *(i)*	Harbin, the PRC 6 November 2014	RMB100,000	–	100%	Lease and management of agriculture wholesale market
Qiqihar Dili Agricultural Produce Market Management Co., Ltd. *(i)*	Qiqihar, the PRC 31 October 2014	USD20,000	–	100%	Lease and management of agriculture wholesale market

15 Interests in subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued/ paid-in capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Mudanjiang Dili Agricultural Produce and Side Products Co., Ltd. *(i)*	Mudanjiang, the PRC 18 November 2014	RMB100,000	–	100%	Lease and management of agriculture wholesale market
Hangzhou Fruit-products Group Co., Ltd. *(ii)*	Hangzhou, the PRC 18 June 2001	RMB120,000,000	–	80%	Lease and management of agriculture wholesale market
Hangzhou Fruit-products Wholesale Co., Ltd. *(ii)*	Hangzhou, the PRC 23 May 2006	RMB100,000,000	–	80%	Lease and management of agriculture wholesale market
Hangzhou Vegetable Co., Ltd. *(i)*	Hangzhou, the PRC 8 June 2001	RMB72,600,000	–	100%	Lease and management of agriculture wholesale market
Hangzhou Vegetable Logistics Co., Ltd. *(i)*	Hangzhou, the PRC 4 December 2006	RMB20,000,000	–	100%	Lease and management of agriculture wholesale market
Hangzhou Changhai Industrial Co., Ltd. *(ii)*	Hangzhou, the PRC 20 January 2006	Registered capital of RMB159,360,000 and paid-in capital of RMB131,446,000	–	96%	Lease and management of agriculture wholesale market
Kunming Dili Agricultural Produce Co., Ltd. *(ii)*	Kunming, the PRC 22 October 2018	Registered capital of RMB500,000,000 and paid-in capital of RMB281,315,000	–	65%	Lease and management of agriculture wholesale market

The English translation of the names of the PRC incorporated companies are for reference only and the official names of these entities are in Chinese.

(i) Registered as wholly foreign owned enterprise under the PRC law.

(ii) Registered as wholly domestic owned enterprise under the PRC law.

16 Other assets

	Note	2019 RMB'000	2018 RMB'000
Financial assets measured at FVPL			
— Investments in trust units	*(i)*	–	27,010
— Investment in Dili Fresh	*(ii)*	**531,274**	–
— Derivative financial instruments embedded in investment in Dili Fresh	*(ii)*	**392,564**	–
Lease incentive	*(iii)*	**6,101**	37,311
		929,939	64,321
Representing:			
— Non-current		**927,677**	29,035
— Current		**2,262**	35,286
		929,939	64,321

(i) Investments in trust units

Financial assets measured at FVPL as at 31 December 2018 represent investments in trust units with no guarantee of principal or returns.

(ii) Investment in Dili Fresh and related derivative financial instrument

Financial assets measured at FVPL as at 31 December 2019 represent the 19% equity interest of Million Master Investment Limited and related put option.

On 29 August 2019, Yield Smart Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and Plenty Business Holdings Limited (the "Vendor"), a company wholly owned by Mr. Dai Yongge, the controlling shareholder of the Company, entered into an acquisition agreement for the sale and purchase of 19% of the entire issued share capital (the "Target Shares") of Million Master Investment Limited (the "Target Company"), a company incorporated in the BVI with limited liability and a directly wholly-owned subsidiary of the Vendor (the "Acquisition Agreement"). The Target Company and its subsidiaries (the "Dili Fresh") operates through its PRC subsidiaries, the businesses of agricultural produce supermarket chain, fresh food chain and supply chain and logistics management in the PRC under the brand name of "Dili Fresh". The total consideration for the Acquisition is RMB950 million, of which RMB400 million has previously been paid as the deposit in the year 2018.

16 Other assets *(Continued)*

(ii) Investment in Dili Fresh and related derivative financial instrument *(Continued)*

The above acquisition was completed as all the conditions had been fulfilled or waived on 31 October 2019. The Target Company is held as to 19% by the Group and 81% by the Vendor respectively.

Pursuant to the Acquisition Agreement, the Vendor has granted the Purchaser with the Call Option under some conditions, under which the Purchaser has the right (but no obligation) to acquire from the Vendor the remaining Shares, being 81% of the entire issued share capital of the Target Company, at an exercise price to be agreed at the time of exercise, within the period commencing from 1 January 2021 and ending on 31 December 2023 (both days inclusive) (the "Call Option").

The Vendor has also granted the Purchaser with the Put Option pursuant to the Acquisition Agreement under some conditions, under which the Purchaser has the right (but no obligation) to sell back the Target Shares to the Vendor and the Vendor has the obligation to purchase the Target Shares within the period commencing from 1 January 2023 and ending on 31 December 2023 (both days inclusive) at a consideration of the sum of (i) the total purchase price of the Target Shares of RMB950 million and (ii) an amount representing an interest rate of 6% per annum on the total purchase price (the "Put Option"). Mr. Dai Yongge, a controlling shareholder of the Company, has given a personal guarantee in favour of the Purchaser for the due performance by the Vendor of its obligations under the Put Option.

The Purchaser may exercise either the Call Option or the Put Option but not both. The fair value of Call Option and Put Option as at 31 December 2019 are as below:

	2019 **RMB'000**
Call Option	**–**
Put Option	**392,564**
	392,564

(iii) Lease incentive

The Group provided lease incentive to some lessees in return for their commitments to operate in the Group's agriculture wholesale markets in certain years.

17 Inventories

	2019 RMB'000	2018 RMB'000
Trading goods	**44,337**	35,604

18 Other receivables

	Note	2019 RMB'000	2018 RMB'000
Amounts due from related parties	*29(c)*	**236,804**	400,048
Loans to third parties	*(i)*	**460,006**	572,274
Receivable for disposal of property and equipment	*(ii)*	**179,751**	181,794
Amounts due from a third party	*(iii)*	**31,946**	–
Deposits of acquisitions	*(iv)*	**175,000**	–
Others		**120,921**	101,824
		1,204,428	1,255,940
Representing:			
— Non-current		**255,460**	–
— Current		**948,968**	1,255,940
		1,204,428	1,255,940

(i) Loans to third parties

At 31 December 2019, all loans to third parties are secured by land and buildings or shares of a third party or guaranteed by third parties, which are subject to a fixed interest rate of 3% to 30% per annum. All of the balances at 31 December 2019 had been fully settled up till the date of issuance of these financial statements.

(ii) Receivable for disposal of property and equipment

Receivable for disposal of property and equipment is due from a third party, which is secured by the relevant equipment with original maturity date of 30 June 2019. According to a supplemental agreement, the maturity date of the receivable is extended to 15 June 2020 and subject to a fixed interest rate of 1% per annum.

18 Other receivables *(Continued)*

(iii) Amounts due from a third party

The amounts due from a third party are an unsecured and non-interest-bearing loan due from a seafood product market operating company under a cooperation contract with the Group. As at 31 December 2019, RMB11,486,000 of receivables will be recovered within one year, and RMB20,460,000 will be recovered before 31 December 2023.

(iv) Deposits of acquisitions

Deposits of acquisitions as at 31 December 2019 represent deposits for acquisitions of agriculture related business in the PRC.

19 Cash at bank and on hand and other cash flow information

(a) Cash at bank and on hand comprise:

	2019	2018
	RMB'000	RMB'000
Cash on hand	**6,712**	26,665
Cash at bank	**664,907**	1,327,405
	671,619	1,354,070
Representing:		
— Cash and cash equivalents	**651,619**	1,354,070
— Time deposits with original maturity over three months	**20,000**	–
	671,619	1,354,070

The Group's operation in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

(b) Reconciliation of liabilities arising from financing activities

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

19 Cash at bank and on hand and other cash flow information *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Note	Bank loans RMB'000 *(Note 20)*	Lease liabilities RMB'000 *(Note 22)*	Interest paid RMB'000	Total RMB'000
At 31 December 2018		571,680	–	–	571,680
Impact on initial application of IFRS 16 *(Note)*		–	1,672,510	–	1,672,510
At 1 January 2019		**571,680**	**1,672,510**	**–**	**2,244,190**
Changes from financing cash flows:					
Repayment of bank loans		**(198,500)**	**–**	**–**	**(198,500)**
Proceeds from bank loans		**100,000**	**–**	**–**	**100,000**
Capital element of lease rentals paid		**–**	**(102,002)**	**–**	**(102,002)**
Interest element of lease rentals paid		**–**	**(79,858)**	**–**	**(79,858)**
Interest paid		**–**	**–**	**(32,266)**	**(32,266)**
Total changes from financing cash flows		**(98,500)**	**(181,860)**	**(32,266)**	**(312,626)**
Other changes:					
Increase in lease liabilities from entering into new leases during the period		**–**	**2,146**	**–**	**2,146**
Interest expenses	5(b)	**–**	**79,858**	**32,266**	**112,124**
Total other changes		**–**	**82,004**	**32,266**	**114,270**
At 31 December 2019		**473,180**	**1,572,654**	**–**	**2,045,834**
At 1 January 2018		–	–	–	–
Additions through acquisition of business		592,180	–	–	592,180
Changes from financing cash flows:					
Repayment of bank loans		(20,500)	–	–	(20,500)
Interest paid		–	–	(16,368)	(16,368)
Total changes from financing cash flows		(20,500)	–	(16,368)	(36,868)
Other change:					
Interest expenses	5(b)	–	–	16,368	16,368
At 31 December 2018		571,680	–	–	571,680

19 Cash at bank and on hand and other cash flow information *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. See Note 2(c).

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2019	2018
		(Note)
	RMB'000	RMB'000
Within operating cash flows	**8,933**	140,331
Within financing cash flows	**181,860**	–
	190,793	140,331

Note: As explained in the note to Note 19(b), the adoption of IFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

These amounts relate to the following:

	2019	2018
	RMB'000	RMB'000
Lease rentals paid	**190,793**	140,331

20 Bank loans

(a) The short-term bank loans are analysed as follows:

	Note	2019 RMB'000	2018 RMB'000
Bank loans, secured by property and equipment		**100,000**	130,000
		100,000	130,000
Add: current portion of long-term bank loans	*20(b)*	**73,500**	68,500
		173,500	198,500

(b) The long-term bank loans are analysed as follows:

	Note	2019 RMB'000	2018 RMB'000
Bank loans, secured by investment properties and guaranteed by third parties		**279,500**	347,000
Bank loans, secured by investment properties		**93,680**	94,680
		373,180	441,680
Less: current portion of long-term bank loans	*20(a)*	**(73,500)**	(68,500)
		299,680	373,180

The long-term bank loans are repayable as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year	**73,500**	68,500
After 1 year but within 2 years	**142,680**	73,500
After 2 years but within 5 years	**141,000**	242,680
After 5 years	**16,000**	57,000
	373,180	441,680

20 Bank loans *(Continued)*

(c) The following assets and their respective carrying values at 31 December 2019 and 2018 are pledged to secure the Group's bank loans:

	Note	2019 RMB'000	2018 RMB'000
Property and equipment	11	**700,815**	847,770
Investment properties	12	**495,084**	441,762
		1,195,899	1,289,532

(d) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the loan would become repayable on demand. At 31 December 2019, none of the covenants relating to the bank loans had been breached.

21 Other payables

	Note	2019 RMB'000	2018 RMB'000
Construction payables	(i)	**96,232**	82,885
Other taxes payable		**8,543**	5,261
Amounts due to related parties	29(c)	**12,614**	10,892
Salary and welfare expenses payable		**94,113**	65,893
Professional service fee payables		**7,373**	6,302
Others		**46,553**	33,931
Financial liabilities measured at amortised cost		**265,428**	205,164
Receipt-in-advance		**226,132**	79,809
Deposits	(ii)	**368,721**	381,865
		860,281	666,838

21 Other payables *(Continued)*

(i) The ageing analysis of construction payables at the end of the year is as follows:

	2019 RMB'000	2018 RMB'000
Due within one year or on demand	**96,232**	82,885

(ii) These mainly represent deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry, and deposits collected from customers to facilitate the payment process of agriculture wholesale markets while using the transaction settlement system.

22 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to IFRS 16:

	31 December 2019		1 January 2019 *(Note)*	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**125,617**	**130,146**	153,194	156,945
After 1 year but within 2 years	**137,150**	**147,823**	142,876	153,605
After 2 years but within 5 years	**359,863**	**426,975**	369,999	438,429
After 5 years	**950,024**	**1,559,889**	1,006,441	1,697,025
	1,447,037	**2,134,687**	1,519,316	2,289,059
	1,572,654	**2,264,833**	1,672,510	2,446,004
Less: total future interest expenses		**(692,179)**		(773,494)
Present value of lease liabilities		**1,572,654**		1,672,510

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. Further details on the impact of the transition to IFRS 16 are set out in Note 2(c).

23 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2019 RMB'000	2018 RMB'000
PRC Enterprise Income Tax		
At the beginning of the year	**122,543**	41,585
Acquisition of business	**–**	74,765
Provision for the year	**207,974**	174,661
Tax paid	**(217,116)**	(169,608)
	113,401	121,403
Balance of profits tax provision relating to prior years	**1,297**	1,140
	114,698	122,543

(b) Deferred tax assets and liabilities recognised

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Government grants RMB'000	Depreciation charge of right-of-use assets RMB'000	Revaluation of investment properties RMB'000	Deferred tax liabilities arising from business combination RMB'000	Total RMB'000
At 1 January 2018	–	–	–	(1,424,400)	(1,424,400)
Acquisition of business	–	–	(49,044)	(319,497)	(368,541)
Credited/(charged) to profit or loss	676	–	(4,072)	85,521	82,125
At 31 December 2018 and 1 January 2019	**676**	**–**	**(53,116)**	**(1,658,376)**	**(1,710,816)**
Impact on initial application of IFRS 16	**–**	**–**	**(794,293)**	**873,590**	**79,297**
(Charged)/credited to profit or loss	**(75)**	**(555)**	**(63,375)**	**38,281**	**(25,724)**
At 31 December 2019	**601**	**(555)**	**(910,784)**	**(746,505)**	**(1,657,243)**

23 Income tax in the consolidated statement of financial position *(Continued)*

(b) Deferred tax assets and liabilities recognised *(Continued)*

Deferred tax liabilities mainly represent the deferred tax liabilities recognised as a result of the acquisition of agriculture wholesale markets business in July 2015 and the Hangzhou Acquisition in July 2018. It was reversed in line with the amortisation of the intangible asset and the depreciation of the property and equipment identified during the acquisition.

(c) Deferred tax liabilities not recognised

At 31 December 2019, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to RMB4,546,738,000 (2018: RMB4,070,660,000). Deferred tax liabilities of RMB454,674,000(2018: RMB407,066,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

24 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual component of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2018		366,604	13,862,305	7,508	92,168	(273,548)	(3,083,640)	10,971,397
Changes in equity for 2018:								
Total comprehensive income for the year		–	–	–	–	248,540	(127,611)	120,929
Issue of shares under rights issue	*24(c)(ii)*	112,190	1,716,508	–	–	–	–	1,828,698
Balance at 31 December 2018 and 1 January 2019		**478,794**	**15,578,813**	**7,508**	**92,168**	**(25,008)**	**(3,211,251)**	**12,921,024**
Change in equity for 2019:								
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**133,930**	**(35,881)**	**98,049**
Balance at 31 December 2019		**478,794**	**15,578,813**	**7,508**	**92,168**	**108,922**	**(3,247,132)**	**13,019,073**

Note: The Group, including the Company, has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there is no net effect on the opening balance of the Company's equity as at 1 January 2019. See Notes 2(c) and 30.

24 Capital and reserves *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

The directors of the Company did not approve or pay any dividend in respect of the previous financial year during the year (2018: Nil).

(c) Share capital

	Number of shares		**Amount**	
	At 31 December 2019 '000	At 31 December 2018 '000	**At 31 December 2019 RMB'000**	At 31 December 2018 RMB'000
Authorised:				
At beginning of year				
Ordinary shares of HKD0.01 each	**150,000,000**	150,000,000		
Share Consolidation *(i)*	**(135,000,000)**	–		
At end of year				
Ordinary shares of HKD0.01 each	**–**	150,000,000		
Ordinary shares of HKD0.10 each	**15,000,000**	–		
Issued and fully paid:				
At beginning of year				
Ordinary shares of HKD0.01 each	**57,155,930**	43,966,100	**478,794**	366,604
Issue of shares under rights issue *(ii)*	**–**	13,189,830	**–**	112,190
Share Consolidation *(i)*	**(51,440,337)**	–	**–**	–
At end of year				
Ordinary shares of HKD0.01 each	**–**	57,155,930	**–**	478,794
Ordinary shares of HKD0.10 each	**5,715,593**	–	**478,794**	–

24 Capital and reserves *(Continued)*

(c) Share capital *(Continued)*

(i) Share Consolidation

Pursuant to the ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company held on 24 May 2019, every ten issued and unissued shares of HKD0.01 each in the share capital of the Company were consolidated into one consolidated share of HKD0.10 each (the "Share Consolidation"). Upon the Share Consolidation becoming effective on 27 May 2019, the authorised share capital of the Company became HKD1,500,000,000 divided into 15,000,000,000 consolidated shares of HKD0.10 each, of which 5,715,593,000 consolidated shares (which are fully paid or credited as fully paid) were in issue immediately.

(ii) Rights issue

During the year ended 31 December 2018, the Group issued rights shares at a subscription price of HKD0.163 each on the basis of three rights shares for every ten existing shares held on 8 June 2018 (the "Rights Issue"). On 17 July 2018, a total number of 13,189,830,130 shares, with par value of HKD0.01 each, had been issued. The proceeds raised from the Rights Issue were RMB1,828,698,000.

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value and the proceeds from the issuance of the shares of the Company and the difference between the par value and the consideration paid on the repurchase of the shares of the Company. The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law, the funds in the share premium account of the Company are distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(ii) Capital redemption reserve

Pursuant to section 37 of Companies Law of the Cayman Islands, capital redemption reserve represents the par value of the shares of the Company cancelled and transferred from the retained earnings.

(iii) Capital surplus

Capital surplus mainly represents the book value of assets injected by the investors of the Company's subsidiaries in excess of their share of the registered capital, the consideration in excess of the book value of the non-controlling interests acquired and the fair value of the estimated number of unexercised share options granted to employees of the Company.

24 Capital and reserves *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iv) Statutory reserve fund

Pursuant to the Articles of Association of the PRC subsidiaries comprising the Group, appropriations to the general reserve fund were made at a certain percentage of profit after tax determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the subsidiaries. From 1 January 2008, the Group's PRC subsidiaries are required to transfer 10% of their profit after tax to statutory reserve fund in accordance with the relevant PRC regulations since these subsidiaries became wholly foreign owned enterprises by then. The transfer could no longer be recognised when the accumulated statutory reserve fund reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(v) Shares held for share award scheme

On 28 August 2018, the Company adopted a share award scheme (the "Share Award Scheme") with a duration of ten years. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Up to December 2019, the board of directors of the Company has not issued any shares or granted any awarded shares under the Share Award Scheme to any selected employees. During the year ended 31 December 2019, 54,709,800 shares (after the Share Consolidation) were acquired from the market (during the year ended 31 December 2018: 633,844,000 shares (equivalent to 63,384,400 shares after the Share Consolidation)).

During the year ended 31 December 2019, the Company purchased its own shares through an independent trustee on the Stock Exchange as follows:

Month/year	Number of shares purchased	Highest price paid per share	Lowest price paid per share	Total amount paid
		HKD	HKD	RMB'000
January 2019*	491,778,000	0.2950	0.2600	122,051
September 2019	732,000	2.45	2.32	1,584
November 2019	1,778,000	2.60	2.26	3,936
December 2019	3,022,000	2.65	2.30	6,920
				134,491

* Shares acquired from the market in January 2019 were equivalent to 49,177,800 shares after the Share Consolidation.

24 Capital and reserves *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(vi) Exchange reserves

The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(vii) Merger reserves

The merger reserves represent the aggregate amount of paid-in capital of the PRC subsidiaries now comprising the Group after elimination of investments in these subsidiaries.

(e) Capital management

The Group's primary objectives on managing capital are to safeguard the Group's ability to continue as a going concern, so that it can fund its operation of agriculture wholesale markets, and provide returns to shareholders, by pricing rental and property management services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group regularly reviews its capital structure and actively monitors current and expected liquidity requirements to ensure its obligations and commitments are met. A proactive approach is taken to forecasting future funding requirements and, when funds are needed, market conditions are evaluated to determine the best form of finance to be secured.

The Group monitors its capital structure on the basis of a gearing ratio, being the bank loans and lease liabilities divided by the total assets.

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a significant increase in the Group's total debt and hence the Group's adjusted gearing ratio rose from 4.93% to 17.34% on 1 January 2019 when compared to its position as at 31 December 2018. At 31 December 2019, the gearing ratio of the Group was 15.15%.

The Group is not subject to externally imposed capital requirements.

25 Employee benefit plan

Defined contribution retirement benefit schemes

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Retirement Schemes") organised by the relevant local government authorities in the cities the PRC subsidiaries operate. The Group is required to make contributions to the Retirement Schemes at the rate ranging from 14% to 16% (2018: 14% to 20%) of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other obligation for the payment of pension benefits associated with the Retirement Schemes and other post-retirement benefits beyond the annual contributions described above.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

26 Operating lease

(a) Leases as lessor

The future minimum lease receivables under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2019 **RMB'000**	2018 RMB'000
Less than one year	**77,022**	34,328
Between one and five years	**87,297**	–
More than five years	**17,282**	–
	181,601	34,328

26 Operating lease *(Continued)*

(b) Leases as lessee

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	Properties
	RMB'000
Less than one year	162,814
Between one and five years	617,922
More than five years	1,782,819
	2,563,555

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see Note 2(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in Note 2(l), and the details regarding the Group's future lease payments are disclosed in Note 22.

27 Capital commitments

At 31 December 2019, the Group has the following commitments not provided for in the financial statements:

	2019	2018
	RMB'000	RMB'000
Contracted for	**49,680**	16,789

28 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a high credit rating assigned by the management of the Group, for which the Group considers to have low credit risk.

The Group measures loss allowances for other receivables at an amount equal to lifetime ECLs where there has been a significant increase in credit risk of the other receivable since initial recognition. For other receivables where there has not been a significant increase in credit risk, allowances are measured at an amount equal to 12-month ECL. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different debtors, the loss allowance based on past due status is not further distinguished between the Group's different debtor bases.

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(b) Liquidity risk

The Group manages cash including the short term investment of cash surpluses and the raising of loans to cover expected cash demands on a group basis. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

28 Financial risk management and fair values *(Continued)*

(b) Liquidity risk *(Continued)*

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	2019 Contractual undiscounted cash outflow					
	Within 1 year or due 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	Carrying amount at 31 December RMB'000
Other payables	**634,149**	**–**	**–**	**–**	**634,149**	**634,149**
Bank loans	**199,377**	**160,088**	**156,633**	**16,353**	**532,451**	**473,180**
Lease liabilities *(Note)*	**130,146**	**147,823**	**426,975**	**1,559,889**	**2,264,833**	**1,572,654**
	963,672	**307,911**	**583,608**	**1,576,242**	**3,431,433**	**2,679,983**

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Lease liabilities include amounts recognised at the date of transition to IFRS 16 in respect of leases previously classified as operating leases under IAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated. See Note 2(c).

	2018 Contractual undiscounted cash outflow					
	Within 1 year or due 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	Carrying amount at 31 December RMB'000
Other payables	587,029	–	–	–	587,029	587,029
Bank loans	229,617	96,021	275,895	59,940	661,473	571,680
	816,646	96,021	275,895	59,940	1,248,502	1,158,709

28 Financial risk management and fair values *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	At 31 December 2019		At 31 December 2018	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Fixed rate borrowings:				
— Bank loans	**4.79–6.00**	**122,500**	4.36–6.00	180,000
— Lease liabilities *(Note)*	**4.75–4.90**	**1,572,654**	–	–
		1,695,154		180,000
Variable rate borrowings:				
— Bank loans	**5.88–6.84**	**350,680**	6.48–6.84	391,680
Total borrowings		**2,045,834**		571,680
Fixed rate borrowings as a percentage of total borrowings		**83%**		31%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See Note 2(c).

28 Financial risk management and fair values *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and increased/decreased the Group's accumulated losses by approximately RMB2,630,000 for the year ended 31 December 2019.

The sensitivity analysis above indicates the exposure to cash flow interest rate risk arising from floating rate borrowings held by the Group at the end of the reporting period, the impact of which on the Group's profit after tax and accumulated losses is estimated as an annualised impact on interest expense of such a change in interest rates.

(d) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the Group's cash and bank balances in RMB were placed with banks in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than the functional currency of the PRC subsidiaries (RMB) and the overseas group entities (HKD). Depreciation or appreciation of the RMB and HKD against foreign currencies can affect the Group's results. The Group did not hedge its foreign currency exposure.

28 Financial risk management and fair values *(Continued)*

(d) Foreign currency risk *(Continued)*

The following table details the Group's recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Exposure foreign currencies (expressed in Renminbi)					
	2019			2018		
	USD RMB'000	**HKD RMB'000**	**RMB RMB'000**	USD RMB'000	HKD RMB'000	RMB RMB'000
Cash at bank and on hand	**29,430**	**4,204**	**537**	28,830	175	547
Net exposure arising from recognised assets and liabilities	**29,430**	**4,204**	**537**	28,830	175	547

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2019		2018	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax (RMB'000)**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax (RMB'000)
HKD-USD	**0.4%**	**(1)**	0.4%	(1)
	(0.4%)	**1**	(0.4%)	1
HKD-RMB	**5%**	**(27)**	5%	(27)
	(5%)	**27**	(5%)	27
RMB-HKD/USD	**5%**	**(1,248)**	5%	(1,078)
	(5%)	**1,248**	(5%)	1,078

Given the current turbulent market, the reasonably possible changes estimated by the Group are based on the Group's best estimate considering the historical information and the forecast of the future economic situation. Actual changes in foreign exchange rates may be different from the Group's estimate.

28 Financial risk management and fair values *(Continued)*

(e) Fair value measurement

Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity securities. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 31 December 2019	**Fair value measurements as at 31 December 2019 categorised into**		Fair value at 31 December 2018	Fair value measurements as at 31 December 2018 categorised into	
		Level 2	**Level 3**		Level 2	Level 3
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Recurring fair value measurements						
Financial assets measured at FVPL						
— Investments in trust units	**–**	**–**	**–**	27,010	25,210	1,800
— Investment in Dili Fresh	**531,274**	**–**	**531,274**	–	–	–
— Derivative financial instruments embedded in investment in Dili Fresh	**392,564**	**–**	**392,564**	–	–	–

During the years ended 31 December 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

28 Financial risk management and fair values *(Continued)*

(e) Fair value measurement *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values was determined with reference to the quoted price provided by brokers/financial institutions.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Financial assets measured at FVPL	Market approach	Enterprise-value-to-sales multiple	0.95
— Investment in Dili Fresh		Discount for lack of marketability	32%
— Derivative financial instruments, embedded in investment in Dili Fresh	Binomial options pricing model	Expected volatility	45.23%
		Expected probability	67%

The fair value of investment in Dili Fresh measured at FVPL are determined by market approach, within which enterprise-value-to-sales ("EV/Sales") multiple is adopted. EV/Sales multiple is derived from the average of the average and median of EV/Sales multiples of listed comparable companies. Meanwhile, the fair value is adjusted with discount for lack of marketability and cash/(debt) and non-operating assets/(liabilities).

The fair value of derivative financial instruments embedded in investment in Dili Fresh measured at FVPL are determined by binomial options pricing model. In calculating the fair value, the key inputs for those parameters of the binomial options pricing model are expected volatility, exercise probability, the fair value of investment in Dili Fresh, exercise price of the option, contractual life, risk-free rate, credit yield and expected dividend rate.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2019 RMB'000	2018 RMB'000
Financial assets measured at FVPL:		
At 1 January	**1,800**	–
Acquisition of business	**–**	6,100
Purchase of financial assets measured at FVPL	**944,327**	–
Net realised and unrealised loss on financial assets measured at FVPL	**(22,289)**	(4,300)
At 31 December	**923,838**	1,800

29 Material related party transactions and balances

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2019 RMB'000	2018 RMB'000
Salaries and other emoluments	**52,959**	119,824
Retirement plan contributions	**360**	313
	53,319	120,137

(b) Material related party transactions

	Note	2019 RMB'000	2018 RMB'000
Rental charged by related parties		**105,000**	100,000
Payment of rental expenses to related parties		**(133,671)**	(90,520)
Payment for Dili Fresh Acquisition	*16*	**(542,992)**	(400,000)
Loans to related parties *(i)*		**(235,000)**	–
Interest income from loans to related parties *(i)*		**1,756**	–
Lease liabilities due to related parties		**1,241,871**	–
Advances from related parties		**11,515**	–

(i) Yield Smart Limited, a wholly-owned subsidiary of the Company, and Plenty Business Holdings Limited, a company wholly owned by Mr. Dai Yongge, the controlling shareholder of the Company, entered into an acquisition agreement for the sale and purchase of 19% of the entire issued share capital of Million Master Investment Limited on 29 August 2019 with details as disclosed in Note 16.

In line with the acquisition, Harbin Dili Agricultural Produce and Side Products Co., Ltd., a wholly-owned subsidiary of Yield Smart Limited, as lender, and Harbin Dili Fresh Agricultural Produce Enterprise Management Company Limited ("Harbin Dili Fresh"), a wholly-owned subsidiary of Million Master Investment Limited, as borrower, signed a revolving loan agreement with the principal amount of not exceeding RMB2 billion, secured by way of a share charge and guarantee from each of Plenty Business Holdings Limited and Mr. Dai Yongge in favour of Yield Smart Limited on 29 August 2019. As at 31 December 2019, the loan balance under the revolving loan agreement was RMB235,000,000 which bear interest rate of 6% per annum.

29 Material related party transactions and balances *(Continued)*

(c) Related party balances

	Note	2019 RMB'000	2018 RMB'000
Amounts due to related parties			
— Mr. Dai Yongge*		**(944)**	(7,657)
— Entities under control of Mr. Dai Yongge		**(11,515)**	–
— Entities under control of Ms. Zhang Xingmei**		**(155)**	(3,235)
	21	**(12,614)**	(10,892)
Amounts due from related parties			
— Mr. Dai Yongge*	*16*	**48**	50,048
— Harbin Dili Fresh	*29(b)(i)/16*	**236,756**	350,000
	18	**236,804**	400,048
		224,190	389,156

* Mr. Dai Yongge, a controlling shareholder, a former director and the former chairman of the Company and the spouse of Ms. Zhang Xingmei, resigned in September 2018.

** Ms. Zhang Xingmei, a controlling shareholder and a former non-executive director of the Company and the spouse of Mr. Dai Yongge, resigned in December 2018.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the rental expenses charged to related parties, loans to related parties and interest income from loans to related parties, constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, of which the disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions and Continuing Connected Transactions" of the Reports of the Directors. Except for these transactions, other related party transactions mentioned in Note 29(b) are exempt from the disclosure requirements in Chapter 14 A of the Listing Rules.

30 Company-level statement of financial position

	Note	2019 RMB'000	2018 RMB'000
Non-current asset			
Interests in subsidiaries	*15*	**14,505,233**	13,907,859
Total non-current asset		**14,505,233**	13,907,859
Current assets			
Other receivables		**821**	2,662
Cash at bank and on hand		**9,455**	486,743
Total current assets		**10,276**	489,405
Current liabilities			
Amounts due to related parties		**1,491,411**	1,458,811
Other payables		**5,025**	17,429
Total current liabilities		**1,496,436**	1,476,240
Net current liabilities		**(1,486,160)**	(986,835)
Net assets		**13,019,073**	12,921,024
Capital and reserves			
Share capital	*24(c)*	**478,794**	478,794
Reserves	*24(d)*	**12,540,279**	12,442,230
Total equity		**13,019,073**	12,921,024

Approved and authorised for issue by the board of directors on 26 March 2020.

Wang Yan
Chairman

Dai Bin
Director

31 Non-adjusting events after the reporting period

The Novel Coronavirus Pneumonia Outbreak (the "NCP Outbreak") since early 2020 has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. The directors of the Group confirm that these contingency measures include but not limited to reassessing fluctuation to the trading volume and trading amount of the agriculture markets, base on which the Group collects the commission income and operating lease income and improving the Group's cash management by expediting debtor settlements. The Group will keep the contingency measures under review as the NCP Outbreak situation evolves.

As far as the Group's businesses are concerned, the NCP Outbreak may cause fluctuation of commission income and operating lease income for the first half of 2020, but the directors of the Group consider that such impact should be temporary and not significant.

32 Comparative figures

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2(c).

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments and a new standard, IFRS17, Insurance contracts, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Revised Conceptual Framework for Financial Reporting 2018	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 9, *Financial instruments*, IAS 39, *Financial instruments: recognition and measurement*, and IFRS 7, *Financial instruments: disclosures, Interest rate benchmark reform*	1 January 2020
Amendments to IFRS 3, *Business Combination, Definition of a business*	1 January 2020
Amendments to IAS1, *Presentation of financial statements*, and IAS8, *Accounting policies, changes in accounting estimates and errors, Definition of a material*	1 January 2020
IFRS 17, *Insurance contracts*	1 January 2021
Amendments to IAS 1, *Presentation of financial statements, Classification of liabilities as current or non-current*	1 January 2022
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

34 Ultimate holding company

The directors of the Company consider the ultimate holding company of the Company at 31 December 2019 to be Shining Hill Investments Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

35 Accounting judgement and estimates

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The significant accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' creditworthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(b) Impairment losses of non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36 "Impairment of Assets". The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

35 Accounting judgement and estimates *(Continued)*

(c) Taxes

The Company and its subsidiaries file taxes in many tax authorities. Judgement is required in determining the amount of tax provisions. There are many transactions and calculating for which the ultimate tax determination is uncertain during the course of business. The ultimate tax determination therefore might be different from the amount of tax provisions made in the financial statements.

(d) Determining the lease term

As explained in Note 2(l), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

Five Years Financial Summary

	Year ended 31 December				
	2015 RMB'000 (Re-presented)	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019** **RMB'000**
RESULTS					
Revenue	386,640	1,001,765	988,112	1,128,654	**1,421,019**
Other income/(expenses)	44,461	127,409	93,495	(59,435)	**121,920**
Net valuation gain on investment properties	–	–	–	13,500	**243,422**
Administrative expenses	(412,036)	(490,488)	(536,524)	(703,134)	**(622,671)**
Goodwill impairment losses	(1,132,950)	–	–	–	**–**
Other operating expenses	(240,435)	(591,135)	(604,265)	(691,339)	**(314,278)**
Profit/(loss) from operations	(1,354,320)	47,551	(59,182)	(311,754)	**849,412**
Finance income	19,822	7,124	28,490	74,319	**72,495**
Finance expenses	(2,190)	(26,126)	(2,394)	(17,490)	**(116,457)**
Net finance (expenses)/income	17,632	(19,002)	26,096	56,829	**(43,962)**
Profit/(loss) before taxation	(1,336,688)	28,549	(33,086)	(254,925)	**805,450**
Income tax	(35,677)	(116,827)	(93,964)	(93,676)	**(234,995)**
Loss from discontinued operation, net of tax	(3,164,388)	(14,513,350)	–	–	**–**
Profit/(loss) for the year	(4,536,753)	(14,601,628)	(127,050)	(348,601)	**570,455**

	As at 31 December				
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019** **RMB'000**
ASSETS AND LIABILITIES					
Total assets	38,235,946	10,490,669	8,808,396	11,589,305	**13,505,339**
Total liabilities	(16,601,714)	(3,525,483)	(1,871,518)	(3,075,758)	**(4,681,061)**
Total equity	21,634,232	6,965,186	6,936,878	8,513,547	**8,824,278**
Total equity attributable to equity shareholders of the Company	21,595,422	6,965,186	6,936,878	8,401,717	**8,612,927**
Non-controlling interests	38,810	–	–	111,830	**211,351**
	21,634,232	6,965,186	6,936,878	8,513,547	**8,824,278**

中国地利集团
China Dili Group