景瑞控股
JINGRUI HOLDINGS

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

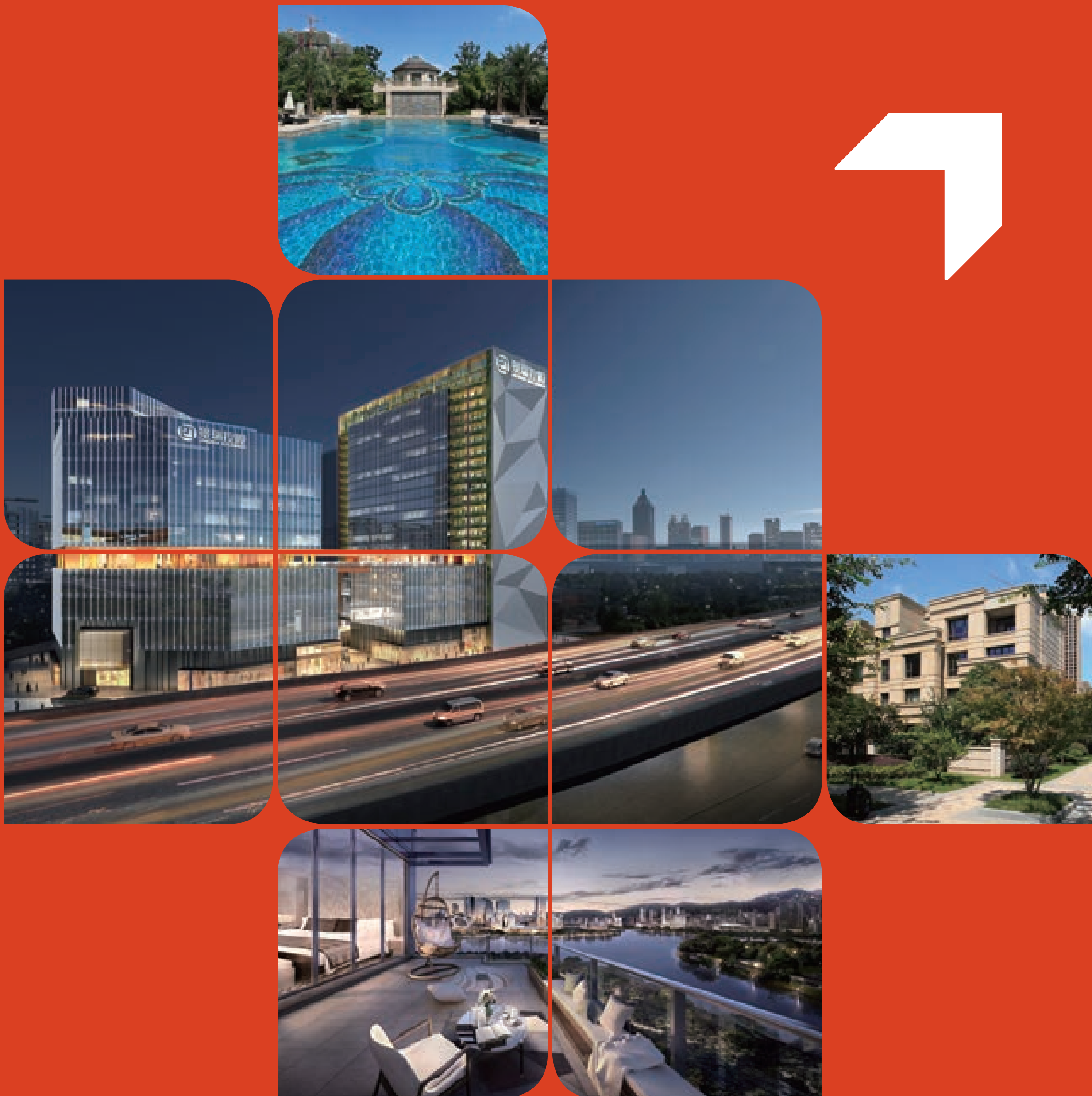
（於開曼群島註冊成立的有限公司）
（Incorporated in the Cayman Islands with limited liability）

股份代號 Stock code : 01862

2019

年報
ANNUAL REPORT

* 僅供識別
For identification purpose only



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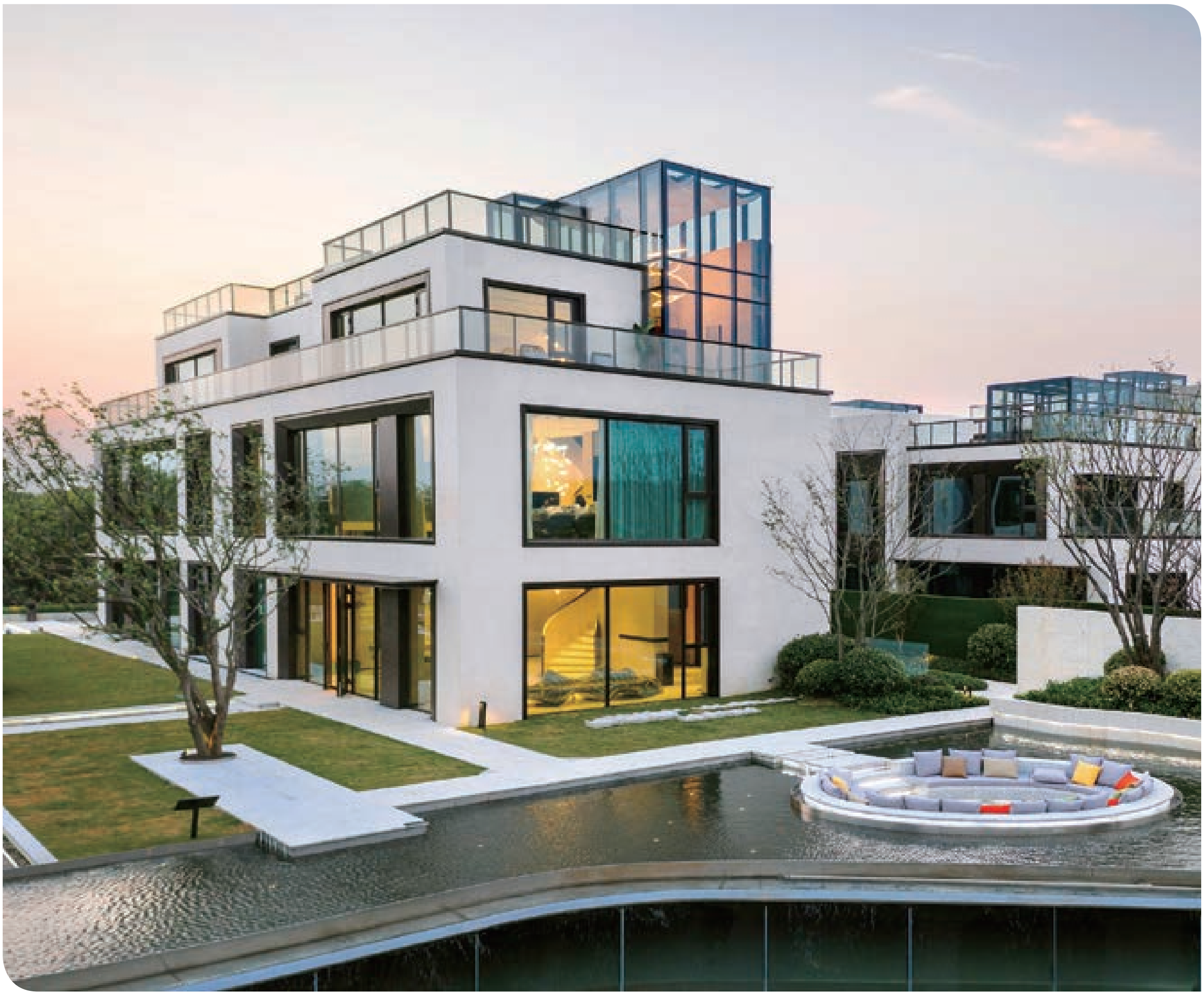
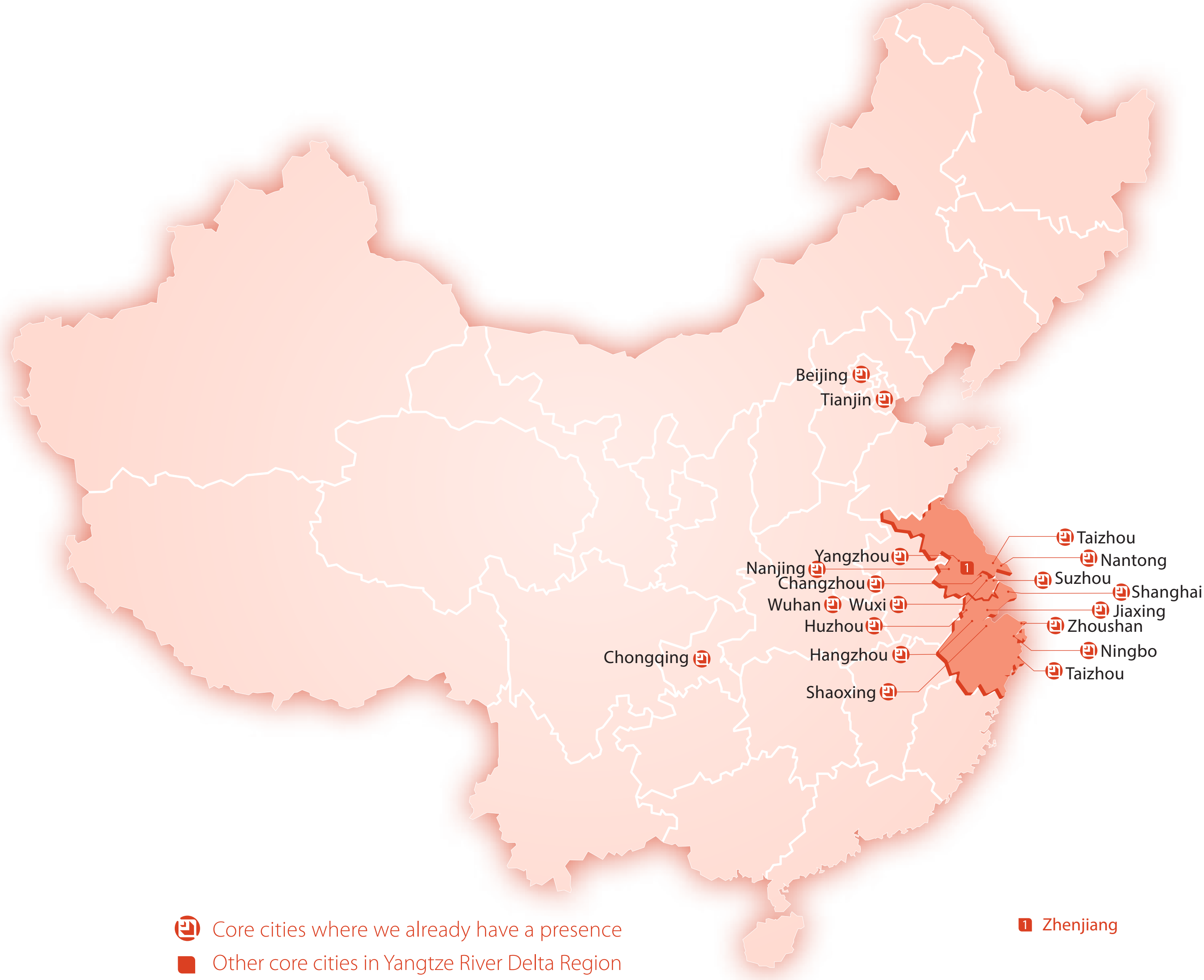


Jingrui Holdings Limited (stock code: 01862.HK) ("**Jingrui**" or the "**Company**") is a leading residential property developer, an asset management operator and a professional service provider in the PRC. Its business segments range from real estate development, construction, decoration, urban renewal, asset management, commercial operation and property management. The Company was established in Shanghai in 1993, with the mission of "Dedicated to Building a Wonderful Life" (用心建築精彩生活), it has been keeping pace with the times and actively embraced changes, and continues to develop the business in real estate. After years of exploration, development and accumulation, it was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2013.

Jingrui, with real estate asset management as the core business, focuses its asset allocation on residential development, apartment, and offices in first- and second-tier core cities and metropolitan areas, creating an attractive space for the customers, providing end-to-end value-added services to investors and bringing a colorful and rich life for the employees. In March 2020, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, the Group further updated the original five major business platforms to the five major business platforms of Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本), which develop in coordination with each other.

Corporate Profile



As of the end of 2019, the Company has made deploy in 19 cities across China and built and operated 103 projects. With outstanding performance, it has been presented awards including the "Top 50 Strong Real Estate Listed Companies in China", "Top 5 Performance of Real Estate Listed Companies in China", "Top 50 Real Estate Service Brands in 2019", "Top 10 Investment Value of Mainland Real Estate Companies Listed in Hong Kong" and "Top 10 Wealth Creation Ability of Mainland Real Estate Companies Listed in Hong Kong "and has ranked among the top 100 strong real estate development companies in China for 9 consecutive years.

In 2017, Jingrui established the strategy of transformation towards large-scale asset management and continued to deepen its efforts to strive to build a dual-drivers powered business model with "customers' value orientation". On the one hand, it ensures its property development business would grows both in quality and size, and on the other hand, it expands its stock asset business through the establishment of funds, develops long-term rental apartments and office businesses, insists on stable investment and refined management, and fully explores the potential value of projects, and strives to realize the transformation from traditional developers to asset management service providers.

In the future, we will seize the opportunity of a high-quality development in the new era and continue to focus on the real estate industry, explore the customer needs and improve our ability to tailor our product strategy to create more surprise for our customers. We will continue to strive for excellence through urban renewal and refined operation. We would make effort to increase the value of our assets, share the success with our investors, cater our customers and make development with the cities, so as to achieve the goal of "pioneer in asset management with the best knowledge in both architecture and lifestyle".

Corporate Information

COMPANY NAME
Jingrui Holdings Limited

EXECUTIVE DIRECTORS
Mr. Yan Hao *(Co-chairman and Chief Executive Officer)*
Mr. Chen Xin Ge *(Co-chairman)*
Mr. Xu Hai Feng *(Vice President)*
Mr. Chen Chao *(Vice President and Chief Financial Officer, appointed on 30 March 2020)*
Mr. Xu Chao Hui *(Vice President, resigned on 18 January 2020)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

AUDIT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Dr. Lo Wing Yan William
Mr. Han Jiong

REMUNERATION COMMITTEE
Mr. Han Jiong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Chen Xin Ge

NOMINATION COMMITTEE
Mr. Yan Hao *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

RISK MANAGEMENT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

JOINT COMPANY SECRETARIES
Ms. Jiang Bing Xian
Ms. So Lai Shan

AUTHORISED REPRESENTATIVES
Mr. Yan Hao *(appointed on 18 January 2020)*
Ms. Jiang Bing Xian
Mr. Xu Chao Hui *(resigned on 18 January 2020)*

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www.jingruis.com

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Bank of China (Hong Kong) Limited

PRC
Agricultural Bank of China, Shanghai Branch
China Construction Bank, Shanghai Branch
Bank of China, Shanghai Branch
Bank of Shanghai, Shanghai Branch

Financial Highlights

KEY FINANCIAL INDICATORS:

	Year ended 31 December				
	2019		2018		Change
	RMB million	**Percentage to revenue %**	RMB million	Percentage to revenue %	%
Revenue	**13,285.1**	**100.0**	11,268.2	100.0	17.9
Gross profit	**2,685.2**	**20.2**	2,547.2	22.6	5.4
Profit for the year					
- Including non-controlling interests	**1,285.0**	**9.7**	1,302.9	11.6	(1.4)
- Attributable to equity holders	**903.6**	**6.8**	1,031.9	9.2	(12.4)
Core net profit					
- Including non-controlling interests	**1,283.9**	**9.7**	1,261.9	11.2	1.7
- Attributable to equity holders	**902.5**	**6.8**	1,006.3	8.9	(10.3)

KEY OPERATION INDICATORS:

	Year ended 31 December		
	2019	2018	Change %
Contracted sales value (RMB million)	**25,159.3**	25,235.9	(0.3)
Contracted sales area (sq.m.)	**1,208,503.6**	1,161,512.4	4.0
Average contracted selling price (RMB/sq.m.)	**20,818.6**	21,726.7	(4.2)

KEY RATIO INDICATORS:

	2019 %	2018 %
Gross profit margin (%)	**20.2**	22.6
Total assets turnover (%)[(1)]	**26.5**	25.9
Return on equity (%)[(2)]	**14.3**	17.4
Net debt-to-capital ratio (%)[(3)]	**58**	64

(1) Equal to revenue for the respective year divided by the average of total assets at the beginning and the end of the year

(2) Equal to profit/(loss) for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%

(3) Equal to net debt (which represents total borrowings minus cash and cash equivalents and restricted cash), divided by total equity as at the end of the respective period and multiplied by 100%

Looking ahead, Jingrui will continue to expand its large-scale asset management strategy, comprehensively improve its overall capability of "fund raising, investment in projects, post-investment project management and capital withdrawal". Based on large-scale asset management commercial model, it will continue to focus on the development of the real estate industry and maintain the development layout in the first- and second-tier core cities and metropolises and customer-oriented model, improve product competitiveness with "customization" product strategy, and enhance the value of stock asset business through urban renewal and refined operation. It will continue to stick to the essence, improve the operations, and provide customers with quality houses and good services, and create satisfactory returns for investors.

In early 2020, the coronavirus pandemic (COVID-19) swept China, but we believe that after the predicament, the prospects will be even better. As for Jingrui, although time goes by, its intention remains. We will be more "devoted" and move towards the corporate vision of "pioneer in asset management with the best knowledge in both architecture and lifestyle".

Yan Hao
Chen Xin Ge
Co-chairmen

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), we are pleased to present the business review and outlook of the Company and its subsidiaries (the "**Group**", "**we**" or "**us**") for the year ended 31 December 2019 (the "**Year**").

Market Review

In 2019, the world has experienced a turbulent year under impacts from factors such as the trade friction between the People's Republic of China (the "**PRC**" or "**China**") and the United States (the "**US**") as well as the Brexit. At the end of the year, Brexit was settled and the first phase of the trade agreement between China and the US also reached a consensus, laying a good foundation for economic development in 2020. China's economic growth has slowed, but its GDP still hit a record high of RMB99 trillion. China's economy has proved remarkably resilient against the backdrop of sluggish growth across global markets.

In 2019, China's real estate market has achieved steady development under the guidance of the "stabilizing land prices, stabilizing property prices, and stabilizing expectations" policy, with sales reaching nearly RMB16 trillion. Since the state clearly adhere to the "housing is for accommodation, not for speculation" policy in long-term, housing property now is used for residential purpose. In accordance with the requirements of "adopting differential measures in light of different situations in different cities", local governments have fine-turned relevant policies based on actual conditions, and the real estate market condition is becoming more rational. At present, the urbanization rate in China has significant distance compared to the developed countries, and the development of the real estate industry still has potential. Under the guidance of national policies, the trend of population to core cities and urban clusters has basically formed. In the future, core cities and metropolitan areas in the first- and second-tiers will have more development opportunities.

In terms of self-owned assets business, the market for long-term rented apartments and office buildings has entered the stage of industry restructuring in 2019. It is expected that the occupancy rates and security of self-owned assets in the central areas of core cities in 2020 will be guaranteed. Reasonable asset allocation may become the theme of the self-owned assets market in 2020.

Since 2020, COVID-19 has gradually evolved into a global crisis, and major economies around the world such as the America and Europe have been severely hit, which further affected the development of the global real economy. Countries have introduced policies and measures to combat the epidemic and stabilize the economy. Due to the surrounding situation, China is also exposed to the potential risks of the second attack of the pandemic. This year, China's economy will face greater challenges, and more efforts are required to accomplish the economic development targets and tasks throughout the year. Despite the challenging situation, the development process of China's new urbanization and the great rejuvenation of the Chinese nation will not be wavered by such short-term factors. In accordance with the national development strategy, Jingrui will continue to deeply penetrate into first- and second-tier core cities and metropolitan areas, develop and operate real estate projects with high safety margins and stable investment returns, create value for its customers and bring returns to its investors.

Operational Performance

In 2019, Jingrui continued to firmly implement its large-scale asset management strategy. With the coordinated development of each business platform, its business capabilities will be more mature and further progress towards the real estate financialization. For the year ended 31 December 2019, the Group's accumulated contracted sales was approximately RMB25.159 billion, which represents no substantial change to RMB25.236 billion of last year. The contracted sales area was approximately 1,208,504 square meters ("**sq.m.**"), with an average contracted sales price of approximately RMB20,819 per sq.m., the Group maintained stable operation and sales, and achieved satisfactory performance of core indicators.

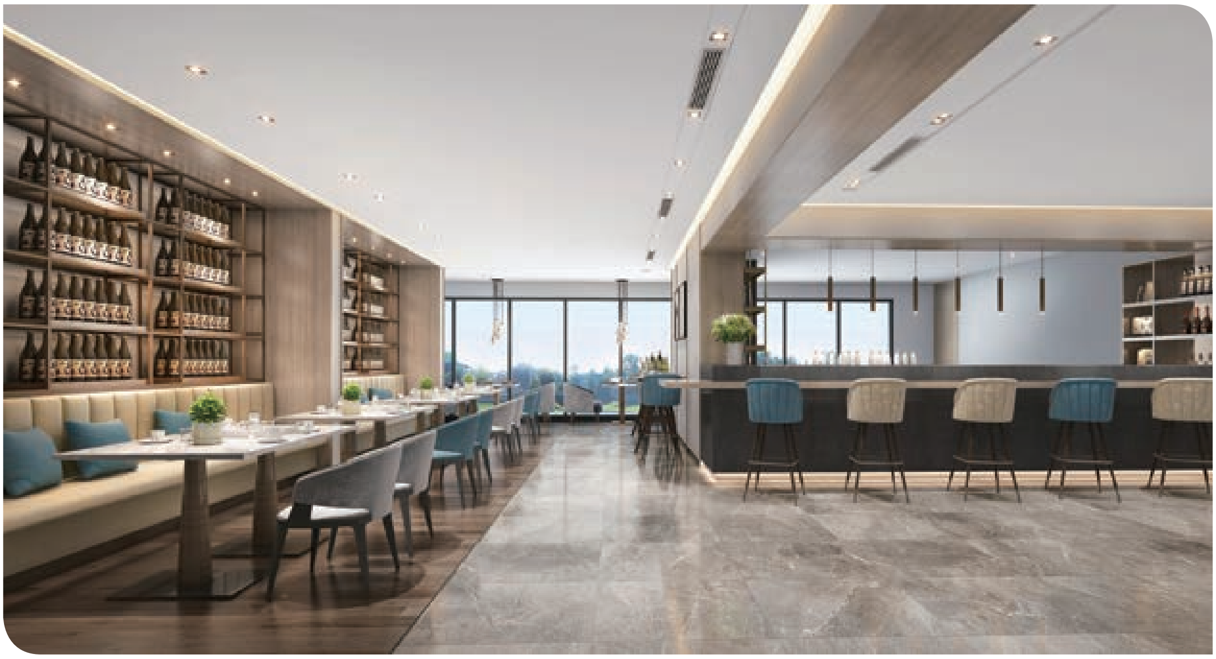
Against the background of the steady development of the national economy, Jingrui firmly adheres to its market penetrating strategy of "focusing on the first- and second-tier core cities and metropolitan areas", closely follows the development trend of China's urbanization, accumulates its own development advantages, and continues regional penetration and pursue scale growth with high quality.

As of 31 December 2019, the Company secured a total of 10 new projects in Shanghai, Hangzhou, Suzhou, Tianjin and other cities, with a total project investment of RMB8.58 billion and a total product value of approximately RMB18.08 billion, of which first-hand projects that were secured through bidding accounted for 99.4%. As of 31 December 2019, the Company had a land bank of about 4.708 million sq.m., which is able to meet the needs of sustainable development for the next two to three years.

By actively expanding market penetration, the performance maintained stable with good momentum. In addition, benefited from the optimized financial structure, the cash flow of the Company was reasonable and sufficient, and its overseas financing capability was enhanced. In 2019, the Group issued three batches of senior notes of US$150 million, US$200 million and US$260 million, which will be due in 2020, 2021 and 2022 with an interest rate of 13.0%, 10.875% and 12%, respectively. In the future, Jingrui will further expand its financing channels to diversify financing methods, reduce financing costs and enhance the profitability of the Company's business development.

In 2019, by firmly adhering to the transformation direction of "light-asset, refinement and operation-prioritization", focusing on development and enhancing quality and efficiency. The synergistic development of its various business platforms, together to move forward, the effect of transformation is further apparent. In March 2020, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, Jingrui further updated the original business to the five major business platforms of Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本).

With the launch of Yan Capital Management's fund of funds, its financing capabilities have reached a new level, the fundraising quality and scale have steadily improved and its fund management capabilities have been recognized by the market, which awarded it one of the top 10 real estate private funds in China. Jingrui Properties has deeply integrated the brand concept of "Defining Life for Love" with "Customization", launched the "Space^{me}" residential customized brand, and put the concept into practice in various cities and projects. Jingrui Capital has steadily expanded investment in the field of apartments and office properties, tapped the value of assets, and improved operating efficiency and occupancy rates. As of 31 December 2019, the occupancy rate of apartment projects has increased to more than 93%, and the occupancy rate of office projects managed has been above 95%, and plateau ground effect is also a regional benchmark. Jingrui Service, with Jingrui Properties as its carrier, adheres to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service persues the continuous improvement of management services and provide high-standard and customized services for customers. Jingrui Service cultivates the Yangtze River Delta and has business in 36 cities across the country with a management area of more than 25 million sq.m.. Co-Fortune Capital focuses on investment in the real estate ecosystem and emerging consumption fields, with a cumulative investment of RMB1.06 billion, and exited 3 projects with a return on investment of 21%.

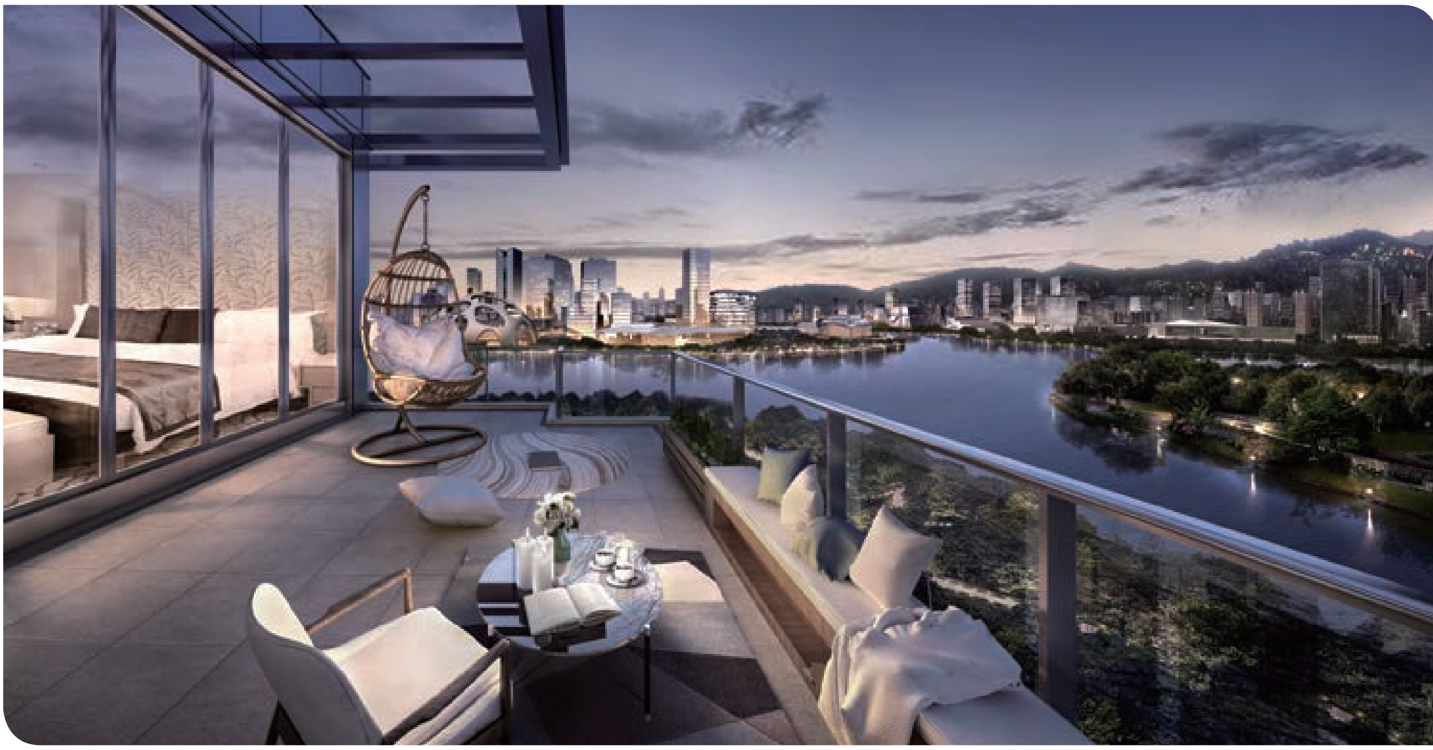


With the coordinated development and empowerment of five major platforms, the large-scale asset management mode of Jingrui has become more mature and stable and will be steadily carried on in the process of real estate financialization.

Achieving initial results of the transformation and high quality development under the large-scale asset management mode

Date back to 2019, China's overall economic growth slowed down, and the development of the real estate industry was subject to various restrictions on policy regulation, which posed a huge challenge on the operating ability of companies in the capital-intensive real estate industry. However, on the other hand, with the gradual establishment of a long-term regulation mechanism of "housing is for accommodation, not for speculation", a clearer market expectation and a healthier development environment were also gradually established for real estate enterprises. The major concern of Jingrui is how to realize the long-term and sustainable development of the Company in the new situation. Since its transformation in 2017, Jingrui has always been committed to the strategic transformation direction of the large-scale asset management, deeply implemented the operation of funds under the light-asset operation model, fostered the core capabilities of "fund raising, investment in projects, post-investment project management and capital withdrawal", and operated development projects in cities with great potential and quality operating assets such as long-term rental apartments and office buildings in first-tier cities.

As the pacesetter of the Company in the large-scale asset management strategy, Yan Capital Management relies on its professional asset management capabilities to absorb resources from various parties, enrich investment and financing channels, accumulate and create innovative growth. It has achieved the breakthrough and upgrade of the first fund of funds, Youbang Private Equity Fund. As of 31 December 2019, Yan Capital Management has issued a total of 14 real estate equity funds with a total fund management scale of over RMB6.6 billion, and completed the withdrawal of three funds, with an investment return of over 11% for the year. By focusing on the functional positioning of "facilitating the large-scale asset management mode", Co-Fortune Capital concentrated its investment on in-depth study of the upstream and downstream key links of the real estate ecosystem and the industrial chain, looking for new models and opportunities for industry development, striving to achieve resource



sharing and interconnectivity, empowering the invested company, and achieving mutual benefit with the invested company.

Developing a "customized" system to drive product upgrade and provide in-depth services

The real estate industry ushered in the "era of product competitiveness" from "fine decoration" to "customization". The customer demand for excellent houses was the original driving force for companies to move forward. Jingrui already developed insight for market trend and established a customized transformation as early as 2016. Based on the genuine customer needs, Jingrui actively explored innovation, committed to creating and exporting a systematic and customized development service system and provided in-depth services, so as to dedicatedly meet customer expectations for "future excellent houses", with "customer insight" and "excellent product competitiveness" as its core value.

From establishing the DTV (Design to Value) strategy to the launch of the "Space^{me}" customized brand, Jingrui has deeply integrated the brand concept of "Defining Life for Love" with "Customization", and built a customer-centric living and technology ecology system by using technology to break the traditional real estate development model with the residence demand as the starting point. Since the first customized project, Hangzhou Jingrui Shenhua No. One, successfully entered the market, Jingrui has completed the market penetration of customized projects in 10 core cities including Shanghai, Hangzhou, Suzhou, Ningbo, Zhoushan, Nanjing, Wuhan, and Tianjin. As of 31 December 2019, the number of residential customization projects of Jingrui have reached 16. Jingrui offers more than 226 categories of customized products, which can achieve an installation rate of 75% and provide personalized residence products and living services for tens of thousands of users.

Steadily develop self-owned properties, focusing on improving operating ability

In 2019, the market for long-term rented apartments and office buildings has entered the stage of industry adjustment. As the important vehicles and major platform in the strategic transformation of Jingrui, and relying on the real estate expertise and 26 years of development experience of Jingrui, Jingrui Capital had inherent advantages in project valuation, operation and renovation, became a solid force in the process of the large-scale asset management strategic transformation of Jingrui and opened larger development space.

The apartment project focuses on core cities and core areas, covering more high-end people, providing them with better products and services, and thereby obtaining a wider premium space and return on investment. Office projects rely on the ability to renovate and operate dual-core drives, deeply explore asset value, reorganize space and business formats, develop in value creation, and move forward in openness and breakthrough. As of 31 December 2019, the asset management scale of Jingrui Capital was approximately RMB9 billion, and it has 16 high-quality projects in Shanghai, Beijing, Suzhou, Hangzhou and other cities, including 12 apartment projects and 4 office projects with a management area of nearly 220,000 sq.m., many projects are regional benchmarks.

With the economic development and consumption upgrade, the service value is highly recognized by the capital market, and the pace of transformation and upgrading of the property service industry is accelerating. In March 2020, Jingrui established the Jingrui Service business platform with Jingrui properties as its carrier to promote the continuous development of the property and at the same time help the transformation and upgrade of large-scale asset management. Jingrui Service aims to be "the promoter of the ideal life in Chinese cities", continuously improve the service level, and provide high-level and customized management services with a positive and enthusiastic attitude to meet the growing needs of customers. As of 31 December 2019, Jingrui Service has deployed in 36 cities across the country, and has undertaken property service work for a variety of property types, including garden villas, high-end apartments, commercial squares, and government office buildings. The contracted management area has exceeded 25 million sq.m..

Prospect

In 2020, despite more challenges, by embracing the faith in its power, China will definitely break through all obstacles of various adversities and survive every toughness and test, so as to move forward in the process of realizing the great rejuvenation of the Chinese nation.

Jingrui will actively adopt the national strategies and capture the opportunities of high quality development in the new era to improve the overall capability of "fund raising, investment in projects, post-investment project management and capital withdrawal" in all round. Meanwhile, leveraging on its business model of the large-scale asset management strategy, Jingrui will continue to focus on the real estate industry and insist on the market penetration into the first- and second-tier core cities and metropolitan areas. Furthermore, with the orientation of customized product strategy, Jingrui exerts a keen insight on customers' demands so as to render better property and service to them, and enhance the stock asset value by virtue of urban renewal and refined operation. Based on the concept of perpetual commitment and excellent operation, we will cooperate with various investors to win together, share the same development trend with customers and progress with cities.

At last, on behalf of the Board, we express our sincere gratitude to all investors, partners, customers and staff. Cherishing the mentality of openness and breakthrough, Jingrui takes advantage of its tenacity to create a wonderful life for customers and offer higher return and more value for all shareholders.

Jingrui Holdings Limited
Yan Hao
Chen Xin Ge
Co-chairmen

Breakdown of Major Properties

Completed and Partially Completed Projects

Project Name	Project Type	Gross Floor Area ("GFA") Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui Life Square	Commercial	6,848	100	6,848
Shanghai Jingrui City Park	Composite	22,043	100	22,043
Phase 1		17,711		
Phase 3		4,332		
Shanghai Jingrui The French Lakeside Villa	Residential	2,373	100	2,373
Shanghai Jingrui Xuhui New City	Residential	1,918	100	1,918
Shanghai Jingrui Upper Riverside	Commercial	5,841	100	5,841
Shanghai Jingrui Shenxin Tower	Commercial	3,361	100	3,361
Shanghai Jingrui Keyuan Tower	Composite	10,061	100	10,061
Shanghai Jingrui Elite Residences	Residential	9,916	100	9,916
Shanghai Jingrui Xinmei Mansion Project	Commercial	7,118	100	7,118
Shanghai Jingrui North Zhongshan Road Project in Jing'An District	Composite	3,207	100	3,207
Shanghai Jingrui Zhongshan Building Project in Huangpu District	Composite	3,013	100	3,013
Shanghai Jingrui Yinqiao Apartment Project	Commercial	8,883	100	8,883
Shanghai Maglink (Lufa Project)	Commercial	112,013	46.17	51,716
Shanghai Jingrui Xingfulai Project	Commercial	4,910	100	4,910
Chongqing Jingrui Online Family	Residential	1,574	100	1,574
Tianjin The Great Habitat Mansion House	Composite	3,900	20	780
Tianjin Jingrui Sunny City	Residential	1,316	100	1,316
Tianjin Jingrui Hanlin	Residential & commercial	36,193	100	36,193
Beijing Jingrui San Quan Apartments Project	Residential	24,300	100	24,300

Breakdown of Major Properties

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Beijing Jingrui Foresea Zhongjin Project in Zhongguancun	Office	5,369	100	5,369
Beijing Jingrui Shangyuan Project (NAGA Shangyuan Project)	Residential & commercial	5,768	100	5,768
Beijing Jingrui Xinhua Cultural Building Project	Commercial	4,262	50	2,131
Hangzhou Jingrui Shenhua County	Commercial	135	100	135
Hangzhou Jingrui Yangming Valley	Residential	731	100	731
Hangzhou Jingrui Yuan Villa	Residential	10,477	100	10,477
Hangzhou Jingrui Changxing Dignity Mansion	Residential	641	100	641
Ningbo Jingrui Dignity Mansion	Composite	666	100	666
Ningbo Jingrui Harbour City	Commercial	42,026	50	21,013
Ningbo Jingrui Headream Mansion	Residential	779	65	506
Ningbo Xinghai Land	Residential	60,347	50	30,173
Ningbo Jingrui In Times	Commercial	2,645	100	2,645
Zhoushan Jingrui Peninsula Bay	Residential	1,998	100	1,998
Suzhou Jingrui Guangyun Gusu Building	Commercial	12,081	100	12,081
Changzhou Jingrui Dawn City/England County	Residential	9,814	100	9,814
Changzhou Jingrui Tianxi	Residential	713	100	713
Phase 3		713		
Suzhou Junyue Tower	Residential	18,784	25	4,696
Nanjing Golden East	Composite	750	17	128
Nanjing Jingrui The Spring Lake	Residential	1,082	100	1,082
Total		**447,856**		**316,138**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui City Park	Composite	2021/8/30		39,628	100	39,628
Phase 2				39,628		
Jiaxing Jingrui No. 2019-19, Economic Development Zone, (South Yaojiadang)	Residential	2021/11/1		126,789	100	126,789
Tianjin The Great Habitat Mansion House	Composite	2021/9/25	401,661		20	80,332
Tianjin Jingrui No.1 Tang Gu Bay	Residential & commercial	2020/6/30	103,293		100	103,293
Tianjin Liuhe Mingzhu	Residential & commercial	2020/2/29	57,156		33	18,861
Tianjin Sea Blue City	Residential	2020/11/20	247,820		49	121,432
Tianjin No.6 Tang Gu Bay	Residential & commercial	2020/12/31	86,307		50	43,154
Tianjin Jingrui Yuexitai (Tianjin Lot 03-51, Tang Gu Bay)	Commercial & residential	2021/9/15	86,686		51	44,210
Tianjin Jingrui Yuetiandi (Tianjin Lot 03-54, Tang Gu Bay)	Commercial & residential	2021/9/1	95,690		49	46,888
Hangzhou Greentown Xixi Yunlu	Residential	2020/10/31	96,140		7	6,730
Hangzhou Joy Mountain	Residential	2020/10/31	221,508		12.75	28,242
Hangzhou Jingrui Vital House	Residential	2020/9/30	94,748		60	56,849
Hangzhou Jingrui Lot 4, Chongxian Xiangyang	Commercial & residential	2022/6/30		114,119	51	58,201
Ningbo Jingrui Xingning Mansion	Commercial & residential	2020/12/30	55,919		44	24,604
Zhoushan Jingrui HOPSCA	Residential	2020/8/25	66,477		100	66,477
Phase 3			66,477			
Ningbo Jingrui Shuiyin Jiangshan (Core lot 9, Jiangshan Town)	Residential	2021/8/25	136,531		33.76	46,093

Breakdown of Major Properties

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shaoxing Jingrui Dignity Mansion	Residential	2021/9/30		40,139	100	40,139
Phase 5				40,139		
Suzhou Jingrui Changshu In Times	Residential	2020/6/15	127,065		80	101,652
Suzhou Changshu Jiangnan Mansion	Residential	2020/8/30	530,186		33	174,961
Suzhou Jingrui Taicang Xinhu Project	Residential	2021/7/30	93,305		100	93,305
Nanjing Xitang Mansion	Composite	2020/12/10	124,021		50	62,011
Nanjing Hefeng Nan'an	Composite	2021/3/20	109,243		19.75	21,575
Nanjing Lot G35, Pukou District	Residential	2022/5/10	292,357		30	87,707
Wuhan Jingrui Tianfu Binjiang	Composite	2021/5/28	238,183		40	95,273
		2022/11/30	347,034		40	138,814
Wuhan Jingrui Tianfu Peninsula (Houguan Lake Project)	Composite	2020/4/30	64,974		54	35,086
Wuhan Lot 079, Caidian	Residential	2022/6/4	263,529		30	79,059
Total			**3,939,833**	**320,675**		**1,841,365**

Market Review

In 2019, the world has experienced a turbulent year under impacts from factors such as the trade friction between the PRC and the US as well as the Brexit. At the end of the year, Brexit was settled and the first phase of the trade agreement between China and the US also reached a consensus, laying a good foundation for economic development in 2020. Notwithstanding China's economic growth has slowed down, its GDP hit a record high of RMB99 trillion. China's economy has proven to be remarkably resilient against the backdrop of sluggish growth across global markets.

In 2019, China's real estate market has achieved steady development under the guidance of the "stabilizing land prices, stabilizing property prices, and stabilizing expectations" policy, with sales reaching nearly RMB16 trillion. Since the state clearly adheres to the "housing is for accommodation, not for speculation" policy in long-term, housing property now is used for residential purpose. In accordance with the requirements of "adopting differential measures in light of different situations in different cities", local governments have fine-tuned relevant policies based on actual conditions, and the real estate market condition is becoming more rational. At present, the urbanization rate in China has significant distance compared to the developed countries, and the development of the real estate industry still has potential. Under the guidance of national policies, the trend of population to core cities and urban clusters has basically formed. In the future, core cities and metropolitan areas in the first- and second-tiers will have more development opportunities.

In terms of self-owned assets business, the market for long-term rented apartments and office buildings has entered the stage of industry restructuring in 2019. It is expected that the occupancy rates and security of self-owned assets in the central areas of core cities in 2020 will be guaranteed. Reasonable asset allocation may become the theme of the self-owned assets market in 2020.

Since 2020, the coronavirus pandemic (COVID-19) has gradually evolved into a global crisis, and major economies around the world such as the America and Europe have been severely hit, which further affected the development of the global real economy. Countries have introduced policies and measures to combat the epidemic and stabilize the economy. Due to the surrounding situation, China is also exposed to the potential risks of the second attack of the pandemic. This year, China's economy will face greater challenges, and more efforts are required to accomplish the economic development targets and tasks throughout the year. Despite the challenging situation, the development process of China's new urbanization and the great rejuvenation of the Chinese nation will not be wavered by such short-term factors. In accordance with the national development strategy, Jingrui will continue to deeply penetrate into first- and second-tier core cities and metropolitan areas, develop and operate real estate projects with high safety margins and stable investment returns, create value for its customers and bring returns to its investors.

Business Overview

In 2019, the Group achieved (including those of joint ventures and associates on a 100% basis) contracted sales of approximately RMB25,159.3 million and total contracted GFA sold was approximately 1,208,504 sq.m.. For the year, the Group achieved revenue of RMB13,285.1 million (2018: RMB11,268.2 million), representing an increase of 17.9% as compared to last year. The Group achieved a net profit attributable to equity holders of the Company of RMB903.6 million (2018: RMB1,031.9 million) throughout the year, representing a decrease of 12.4% as compared to last year.

During the Year, revenue from property sales recognized by the Group amounted to RMB12,366.1 million (2018: RMB10,440.3 million), representing an increase of 18.4% as compared to last year. It was mainly due to the increase in GFA of properties delivered by the Group during the Year. Revenue from property sales of the Group accounted for approximately 93.1% of our total revenue for the Year (2018: 92.7%), and property sales maintained to the core operating business of the Group. The Group's apartment and office business, which has been deployed since the end of 2017, has gradually generated revenue, and property management service has made significant progress in non-group businesses. The above development of businesses has further enhanced the Group's diversified competitiveness, and the Group has won a good reputation and brand image, while improving customer loyalty and satisfaction.

The Group continues to uphold the development strategy of its cultivation in the Yangtze River Delta region, with a particular focus on the first- and second-tier core cities in the region. In 2019, we obtained 10 projects in Tianjin, Wuhan, Suzhou, Hangzhou, Ningbo, Shanghai, Nanjing and Jiaxing, with approximately 1,300,223 sq.m. increase in GFA of land reserve and

RMB8,583 million in total project investment. The land cost per sq.m. (based on the estimated GFA) was approximately RMB6,601. As at 31 December 2019, the total GFA for land reserves owned by the Group was approximately 4,708,364 sq.m., which was basically unchanged from the end of the previous year. We expect the land reserves to be sufficient to meet the Group's development needs for the next two to three years. We believe that most of our land reserves are located in the first- and second-tier core cities in the Yangtze River Delta region of China, which is more conducive to the development strategy of its cultivation in the Yangtze River Delta region.

The Group has consistently applied the principle of steady financial management, focusing on maintaining healthy cash flow and guaranteeing capital safety. In January, April and July 2019, the Company issued the 13.00% senior notes due 2020 in the aggregate principal amount of USD150 million, the 10.875% senior notes due 2021 in the aggregate principal amount of USD200 million, and the 12.00% senior notes due 2022 in the aggregate principal amount of USD260 million. We believe that these issuance of senior notes will further optimize our debt structure.

The strong performance in contracted property sales further strengthened our financial position during the Year. As of 31 December 2019, our cash at bank and on hand (including restricted cash) reached RMB13,748.2 million. At the same time, unutilized bank facilities amounted to approximately RMB27,728.3 million. As of 31 December 2019, our net debt-to-equity ratio was approximately 58%. We believe the current liability level is within a reasonable range based on the current development stage of the Group and also matches our operations. The Group will continue to improve its liability level and structure, ensuring that risks well under control, laying a solid foundation for the Group's sustained operations and steady future growth.

We started our business as a customer driven residential property developer, focusing on developing properties accommodating the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those who intend to upgrade their existing living conditions. These kinds of customers currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning and the continuous expansion of our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, together with our rapid-asset-turnover model, has and will continue to contribute to our growth and scalability.

At the same time, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, the Group, focusing on the main real estate business, further adjusted and optimized its original five major business platforms in early March 2020 to the five major business platforms, namely, Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本). Among which, Yan Capital Management is engaged in real estate fund raising and asset management, realizing the conversion of real estate debt funds to real equity funds; Jingrui Properties focuses on real estate development in the four major urban agglomerations in China and commits to customizing life products and services based on "customer insights"; Jingrui Capital focuses on the urban renewal of first-tier and strong second-tier cities such as Shanghai and Beijing, as well as the developing, holding and lease operation management of apartment and office building; Jingrui Service aims "to be the promoter of ideal life in Chinese cities" as its development goal, provides high-quality property services to various properties such as commercial plazas and high-end apartments; and Co-Fortune Capital is committed to the investment in the real estate ecosystem, using capital as a link to build product and service capabilities that facilitate the main real estate business.

The sudden outbreak of the coronavirus pandemic has caused a certain degree of impact on the overall development of the industry, especially on companies in the industry with tight capital chains. Although Jingrui has always maintained a relatively sound debt level in the industry, it has reserved relatively adequate buffer space under the crisis. When risks arise, we also find the opportunity that gradually emerges from the pandemic to participate in the auction of high-quality land and the mergers and acquisitions of high-quality assets in the fragmented market. We will continue to closely monitor the development of the pandemic, conduct business activities strictly in accordance with standard safety operation procedures throughout the Company, and vigorously minimize the losses that may be caused by the pandemic to the operations. In addition, we will also vigorously strengthen our sales efforts to achieve the established goals for the year. Meanwhile, we will pay close attention to the land market of the city where we are located, carefully carry out risk measurement and assessment, and seize market opportunities to strive for stable and healthy development.

Business Review

Jingrui Properties

Property Development

In 2019, the Group achieved (including those of joint ventures and associates on a 100% basis) contracted sales of approximately RMB25,159.3 million and total contracted GFA sold was approximately 1,208,504 sq.m.. Our contracted sales were primarily generated from the municipalities and Zhejiang region, which were approximately RMB7,940.8 million and RMB7,848.6 million respectively, representing 31.6% and 31.2% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2019

The following table sets out the geographic breakdown of the Group's contracted sales in 2019:

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP")
	sq.m.	RMB'000	RMB/sq.m.
Shanghai			
Shanghai Jingrui City Park	54,275	2,032,162	37,442
Shanghai Jingrui Upper Riverside	2,068	236,022	114,131
Shanghai Sheshan Yuehu Villa	910	102,600	112,747
Tianjin			
Tianjin The Great Habitat Mansion House	87,630	1,417,815	16,180
Tianjin Sea Blue City	71,337	1,070,955	15,013
Tianjin Jingrui Hanlin	65,594	1,412,914	21,540
Tianjin Jingrui No. 1, Tang Gu Bay	38,062	513,132	13,481
Tianjin No. 6, Tang Gu Bay	30,818	420,675	13,650
Tianjin Liuhe Mingzhu	22,204	279,853	12,604
Tianjin Jingrui Sunny City	229	3,499	15,279
Beijing			
Beijing Jingrui Block A of Cheng Yuan Building	9,699	262,000	27,013
Beijing Jingrui Xinhua Cultural Building Project	2,134	149,510	70,061
Chongqing			
Chongqing Jingrui Royal Bay	4,400	36,144	8,215
Chongqing Jingrui Online Family	154	3,564	23,143
Sub-total of centrally direct-controlled municipalities	**389,514**	**7,940,845**	**20,387**

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB'000	Contracted ASP RMB/sq.m.
Hangzhou			
Hangzhou Joy Mountain	38,168	815,061	21,355
Hangzhou Jingrui Vital House	44,367	2,119,316	47,768
Hangzhou Jingrui Yuan Villa	8,411	288,893	34,347
Hangzhou Jingrui Yangming Valley	7,061	581,981	82,422
Ningbo			
Ningbo Xinghai Land	88,691	841,731	9,491
Ningbo Jingrui Shuiyin Jiangshan	30,778	753,446	24,480
Ningbo Jingrui Xingning Mansion	28,209	784,049	27,794
Ningbo Jingrui Tianfu Yaojiang	25,508	559,059	21,917
Ningbo Jingrui Nobility Mansion	15,180	347,956	22,922
Ningbo Jingrui In Times	5,176	118,965	22,984
Ningbo Jingrui Dignity Mansion	1,463	15,643	10,692
Ningbo Jingrui The Mansion	1,034	13,938	13,480
Ningbo Jingrui Headream Mansion	853	22,406	26,267
Ningbo Jingrui Tili Garden	534	10,411	19,496
Taizhou			
Taizhou Jingrui Maple House	12,581	251,906	20,023
Shaoxing			
Shaoxing Jingrui Dignity Mansion	1,626	14,980	9,213
Shaoxing Jingrui The Mansion	3,827	18,056	4,718
Zhoushan			
Zhoushan Jingrui Titian Garden	20,007	248,855	12,438
Zhoushan Jingrui Peninsula Bay	2,412	41,950	17,392
Sub-total of Zhejiang Province	**335,886**	**7,848,602**	**23,367**

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB'000	Contracted ASP RMB/sq.m.
Suzhou			
Suzhou Changshu Jiangnan Mansion	103,492	2,049,440	19,803
Suzhou Jingrui Majestic Mansion	26,543	869,213	32,747
Suzhou Junyue Tower	24,349	314,391	12,912
Suzhou Jingrui Changshu In Times	9,544	85,078	8,914
Suzhou Qidu Miaogang	4,917	58,427	11,883
Suzhou Jingrui Jade Bay	4,766	59,941	12,577
Nantong			
Nantong Jingrui Nobility Mansion	1,763	29,461	16,711
Nanjing			
Nanjing Hefeng Nan'an	70,732	2,085,904	29,490
Nanjing Xitang Mansion	45,131	143,070	3,170
Nanjing Golden East	17,967	491,231	27,341
Sub-total of Jiangsu Province	**309,204**	**6,186,156**	**20,007**
Wuhan			
Wuhan Jingrui Tianfu Binjiang	166,493	2,330,556	13,998
Wuhan Jingrui Tianfu Peninsula (Houguan Lake Project)	5,620	182,914	32,547
Wuhan Jingrui Wanfu International	1,787	29,178	16,328
Sub-total of Wuhan	**173,900**	**2,542,648**	**14,621**
Car park (lots)	6,307	641,076	
Total	**1,208,504**[(1)]	**25,159,327**	**20,819**

Note:

(1) Excluding the area of car parks.

Land Bank

As at 31 December 2019, the total land bank of the Group was approximately 4,708,364 sq.m. or approximately 2,157,503 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2019

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	sq.m.	%	sq.m.	%
Municipalities directly under the central government				
Shanghai	241,133	5.1%	180,836	8.4%
Beijing	39,700	0.9%	37,568	1.8%
Tianjin	1,120,021	23.8%	496,459	23.0%
Chongqing	1,574	0.0%	1,574	0.1%
Sub-total	**1,402,428**	**29.8%**	**716,437**	**33.3%**
Zhejiang Province				
Hangzhou	538,499	11.4%	162,006	7.5%
Ningbo	298,913	6.3%	125,701	5.8%
Shaoxing	40,139	0.9%	40,139	1.8%
Zhoushan	68,475	1.5%	68,475	3.2%
Jiaxing	126,789	2.7%	126,789	5.9%
Sub-total	**1,072,815**	**22.8%**	**523,110**	**24.2%**
Jiangsu Province				
Suzhou	781,421	16.6%	386,695	17.9%
Nanjing	527,453	11.2%	172,503	8.0%
Changzhou	10,527	0.2%	10,527	0.5%
Sub-total	**1,319,401**	**28.0%**	**569,725**	**26.4%**
Wuhan	913,720	19.4%	348,231	16.1%
Total	**4,708,364**	**100.0%**	**2,157,503**	**100.0%**

In 2019, we acquired 10 projects in cities such as Tianjin, Wuhan, Suzhou, Hangzhou, Ningbo, Shanghai, Nanjing and Jiaxing with the total investment amount of these projects being approximately RMB8,583 million, increasing our total GFA of land bank by approximately 1,300,223 sq.m..

Details of land and property acquisition for the year ended 31 December 2019

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area sq.m.	Expected Total GFA sq.m.	Expected Total GFA Above Ground sq.m.	Total Investment RMB million	Average Land/ Property Cost (based on the expected total GFA) RMB/sq.m.	Average Land/ Property Cost (based on the expected total GFA above ground) RMB/sq.m.
Tianjin	Lot 6, Tang Gu Bay (Jin Bin Tang (Gua) No. 2018-6)	Commercial & residential	50%	41,595	86,307	62,390	333	3,858	5,337
Tianjin	Lot 03-51, Tang Gu Bay	Commercial & residential	51%	41,202	86,686	61,803	337	3,888	5,453
Tianjin	Lot 03-54, Tang Gu Bay	Commercial & residential	49%	45,463	95,690	68,194	375	3,919	5,499
Ningbo	Core lot 9, Jiangshan Town	Residential	33.76%	44,318	136,531	97,500	1,414	10,357	14,503
Suzhou	Taicang Xinhu Project (Guangzhou Road North Lot)	Residential	100%	32,772	93,305	65,544	348	3,730	5,309
Wuhan	Lot 079, Caidian	Residential	30%	68,635	263,529	199,042	796	3,021	3,999
Shanghai	Xingfulai Project (No. 1300, Yixian Road, Baoshan District)	Commercial	100%		4,910	4,024	106	21,589	26,342
Nanjing	Lot G35, Pukou District	Residential	30%	78,892	292,357	213,007	2,990	10,227	14,037
Hangzhou	Lot 4, Chongxian Xiangyang	Residential	51%	36,385	114,119	80,047	1,005	8,807	12,555
Jiaxing	No. 2019-19, Economic Development Zone, (South Yaojiadang)	Residential	100%	40,957	126,789	90,105	879	6,933	9,755
Total				**430,219**	**1,300,223**	**941,656**	**8,583**	**6,601**	**9,115**

Revenue from Sales of Properties

The revenue from sales of properties for the Year was approximately RMB12,366.1 million, representing an increase of 18.4% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Shanghai				
Shanghai Jingrui City Park	1,042,960	8.4	28,451	36,658
Shanghai Jingrui The French Lakeside Villa	14,276	0.1	545	26,194
Shanghai Jingrui Upper Riverside	209,796	1.7	1,972	106,387
Jiangsu Province				
Suzhou Jingrui Jade Bay	33,036	0.3	2,852	11,583
Suzhou Jingrui Happy Family Garden	40,382	0.3	2,954	13,670
Suzhou Jingrui Majestic Mansion	1,596,641	12.9	55,508	28,764
Changzhou Jingrui Tianxi	1,339,936	10.8	89,596	14,955
Nantong Jingrui Nobility Mansion	32,746	0.3	2,442	13,410
Zhejiang Province				
Shaoxing Jingrui Dignity Mansion	22,379	0.2	1,854	12,071
Hangzhou Jingrui Shenhua County	15,461	0.1	624	24,777
Hangzhou Jingrui Flange Park	2,697,193	21.8	180,332	14,957
Hangzhou Jingrui Shenhua No. One	34,740	0.3	1,726	20,127
Hangzhou Jingrui Yangming Valley	120,838	1.0	7,515	16,080
Hangzhou Jingrui Yuan Villa	16,039	0.1	1,509	10,629
Zhoushan Jingrui Peninsula Bay	40,181	0.3	2,411	16,666
Taizhou Jingrui Maple House	637,327	5.2	51,226	12,441
Ningbo Jingrui In Times	265,363	2.1	18,146	14,624
Ningbo Jingrui Tianfu Yaojiang	828,079	6.7	45,889	18,045
Ningbo Jingrui Nobility Mansion	1,175,616	9.5	59,017	19,920
Ningbo Jingrui The Mansion	9,171	0.1	945	9,705
Ningbo Jingrui Headream Mansion	282,140	2.3		
Hangzhou Jingrui Majestic Mansion	322,850	2.6		
Chongqing				
Chongqing Jingrui Royal Bay	36,803	0.3	4,860	7,573
Tianjin				
Tianjin Jingrui Hanlin	1,027,172	8.3	52,205	19,676
Other projects	48,720	0.4	6,566	7,420
Subtotal	**11,889,845**	**96.1**	**619,145**	**19,204**
Car park	476,259	3.9	4,517	
Total	**12,366,104**	**100.0**		

Yan Capital Management（優越資管）

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize capital structure.

As at 31 December 2019, Yan Capital Management established and promoted 14 funds, with an aggregate size of the funds of approximately RMB6.6 billion and the total size of the existing funds is RMB3.8 billion. The proceeds from fund raising externally in 2019 amounted to approximately RMB2.3 billion. Its first fund of funds, Youbang Private Equity Fund, was successfully issued. At present, Youbang Fund has completed investments in Nanjing Hefeng Nan'an, Tianjin Lot 6, Tang Gu Bay, Tianjin Sea Blue City, Tianjin Lot 03-51, Tang Gu Bay and Tianjin Lot 03-54, Tang Gu Bay, shaping up to its overall business chain of "investment in projects, fund raising, post-investment project management and capital withdrawal". For the Year, Yan Capital Management completed the withdrawal of three funds, with an investment return of over 11%.

Jingrui Capital（景瑞不動產）

In March 2020, based on the development strategy of "large-scope asset management", Jingrui Capital platform was established by combining Joyride Apartment（悦樘公寓）and Carry Capital（鍇瑞辦公）under Jingrui, which is designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

During the year, Jingrui Capital acquired Shanghai Xingfulai Project, with an additional apartment area of 4,910 sq.m.. The Maglink Project (Shanghai Lufa Plaza Project), the acquisition of which was completed in February 2019, is currently under renovation. Most of the projects held such as Shanghai Jingrui Keyuan Tower Project and Beijing Jingrui San Quan Apartments Project have been put into operation, bringing stable rental income to the Company. Meanwhile, in order to realize incremental benefits, it also was actively looking for withdraw from the existing projects, such as whole and partial withdrawal from Beijing Chengyuan Building A Project and Beijing Xinhua Wenhua Building Project.

Jingrui Service（景瑞服務）

With economic development and consumption upgrading, value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui Properties as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to persue continuous improvement of management services and provide high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

During the Year, with the rapid process of urbanization, the business scale of Jingrui Service has gradually expanded. With the guidance of "relying on Shanghai, deeply developing in the Yangtze River Delta and then covering the whole China", it has established property service companies in 36 cities in Tianjin, Chongqing, Zhejiang, Jiangsu, Anhui, Henan and other regions to undertake various property services, including villas, high-end apartments, commercial squares, government office buildings, etc. The contracted GFA has exceeded 25 million sq.m..

Co-Fortune Capital（合福資本）

Co-Fortune Capital, as an asset-light investment platform of the Group, aims to equip the other four major segments with asset management capability. Through "Jingrui", brand name of the Company, being of a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

In 2019, Co-Fortune Capital made outward investments of RMB25 million, and the total number of investment projects reached 15 with an aggregate investment amount of RMB1,060 million. Co-Fortune Capital completed the withdrawal of its investments in three projects, with an investment return of 21%.

Employees and Remuneration Policies

As at 31 December 2019, we had a total of 3,035 full-time employees (31 December 2018: 3,546). 1,000 of our employees worked in property development operations, 1,829 of our employees were engaged in property management and 206 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 (cancelled on 29 November 2017) and a share award scheme on 29 November 2017 (the "**Share Award Scheme**"), respectively, pursuant to which share awards were granted to selected employees of the Group. In addition, we have also adopted the share option scheme (the "**Share Option Scheme**") at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company. Details of share award scheme and share option scheme are set out in the sections headed "Share Award Scheme" and "Share Option Scheme" in this annual report.

The Group's staff costs for the year ended 31 December 2019 amounted to RMB448.1 million (for the year ended 31 December 2018: RMB453.2 million). Staff costs include a remuneration expenses in relation to the share-based payments of RMB13.5 million recognized for the Year (for the year ended 31 December 2018: RMB4.2 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also designed trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing educations for our employees from time to time.

Financial Review

Revenue

For the year ended 31 December 2019, the revenue of the Group reached RMB13,285.1 million, representing an increase of 17.9% as compared to RMB11,268.2 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the respective periods indicated:

Revenue by business segments

	2019		2018		
		Percentage of Total Revenue		Percentage of Total Revenue	Year-on-year change
	RMB'000	%	RMB'000	%	%
Revenue from contracts with customers recognised at a point in time					
– Sales of properties	**12,366,104**	**93.1**	10,440,273	92.7	18.4
– Others	**59,016**	**0.4**	56,894	0.5	3.7
	12,425,120	**93.5**	10,497,167	93.2	18.4
Revenue from contracts with customers recognized over time					
– Property management service	**441,123**	**3.3**	386,329	3.4	14.2
– Decoration of properties	**180,264**	**1.4**	250,976	2.2	(28.2)
	621,387	**4.7**	637,305	5.6	(2.5)
Rental income	**238,620**	**1.8**	133,731	1.2	78.4
Total	**13,285,127**	**100.0**	11,268,203	100.0	17.9

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 93.1% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for presales in accordance with the PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group mainly included Hangzhou Jingrui Flange Park, Suzhou Jingrui Majestic Mansion, Changzhou Jingrui Tianxi, Ningbo Jingrui Nobility Mansion, Shanghai Jingrui City Park and Tianjin Jingrui Hanlin. Revenue from sales of properties increased by approximately 18.4% to approximately RMB12,366.1 million in 2019 from approximately RMB10,440.3 million in 2018, mainly due to the increase in the GFA of projects (with higher selling price) delivered.

Our property management service revenue represents revenue generated from property management services we provide through our subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2019, property management revenue of the Group was approximately RMB441.1 million, representing an increase of approximately 14.2% as compared to that of last year. Our property management revenue increased significantly, primarily due to the continued growth in the total GFA of delivered properties and the increase in the third-party property management fee.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2019, such revenue of the Group was approximately RMB180.3 million, representing a decrease of 28.2% as compared to that of last year, which was due to the decrease in the number of projects delivered by the Group after decoration during the Year.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. In 2019, rental income of the Group was approximately RMB238.6 million, representing an increase of 78.4% as compared to that of last year. It was mainly due to the commencement of operation for new projects of properties owned by the apartment and office platform of the Group and the increase in the occupancy rate and rental.

Cost of Sales

Our cost of sales primarily represents the cost we incur directly in property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction cost, land use right cost and capitalized interest cost on related borrowings for the purpose of property development during the period of construction.

Our cost of sales increased by 21.5% from RMB8,721.0 million in 2018 to RMB10,599.9 million in 2019, primarily due to the increase of the construction costs.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	2019		2018	
	RMB'000	**%**	RMB'000	%
Construction costs	**4,135,389**	**39.0**	2,952,733	33.9
Land use right costs	**4,695,809**	**44.3**	4,438,114	50.9
Capitalized interest	**1,238,036**	**11.7**	813,874	9.3
Sub-total: Total cost of properties	**10,069,234**	**95.0**	8,204,721	94.1
Surcharges	**42,335**	**0.4**	60,764	0.7
Provision for impairment of properties held or under development for sale, net	**11,747**	**0.1**	1,855	–
Other costs [(1)]	**476,633**	**4.5**	453,670	5.2
Total	**10,599,949**	**100.0**	8,721,010	100.0

Note:

(1) Includes costs associated with property management, leasing and other operations.

Gross Profit and Gross Profit Margin

Our gross profit increased by 5.4% from RMB2,547.2 million in 2018 to RMB2,685.2 million in 2019. The Group recorded a gross profit margin of approximately 20.2% for the year ended 31 December 2019, compared to that of approximately 22.6% for the year ended 31 December 2018. Our gross profit margin slightly decreased as compared to that of last year, which was mainly due to the increase of construction costs.

Depreciation/Appreciation of investment properties under Office and Apartment platform

For the year ended 31 December 2019, the depreciation of investment properties under office and apartment platform was RMB21.5 million (2018: appreciation of RMB388.1 million). The depreciation of investment properties in 2019 was mainly due to the decrease in the fair value of the leasehold.

Fair Value Gains on Investment Properties under Other Platforms

For the year ended 31 December 2019, the fair value gains on investment properties under other platforms were RMB96.0 million (2018: RMB54.7 million). The fair value gains on investment properties in 2019 were mainly attributable to appreciation of Shanghai Jingrui Upper Riverside.

Selling and Marketing Costs

Our selling and marketing costs increased by 25.5% from RMB307.2 million in 2018 to RMB385.6 million in 2019, the increase is due to the Group's new launches of property projects.

Administrative Expenses

Our administrative expenses decreased by 22.3% from RMB780.3 million in 2018 to RMB606.6 million in 2019. Such a decrease was primarily due to the strengthening of intensive and refined management of various platforms which has effectively reduced administrative expenses.

Other Income and Other Gains, Net

We recorded other income of RMB158.5 million in 2019, compared to other income of RMB68.3 million in 2018. Other income recorded in 2019 mainly included gain arising from acquisition of shares of Ningbo Puhong amounting to RMB90.4 million and the government grants amounting to RMB51.6 million.

We recorded other gains of RMB146.7 million in 2019, compared to other gains of RMB228.8 million in 2018. Other gains recorded in 2019 were primarily due to the re-measurement gain of RMB85.2 million from the introduction of an independent third party cooperator by Shanghai Pinzhai and the gains on the disposal of subsidiaries of RMB31.4 million. Other gains recorded in 2018 were primarily due to the gains from sales of investment properties of RMB166.7 million.

Finance (Costs)/Income, Net

Our finance income increased by 390.6% from RMB53.3 million in 2018 to RMB261.5 million in 2019, primarily as a result of the increase in interest income on bank deposits. Our finance costs increased by 56.1% from RMB337.7 million in 2018 to RMB527.0 million in 2019, mainly due to the increase in borrowing and interest rate.

Share of Results of Joint Ventures/Associates

For the year ended 31 December 2019, our share of results of joint ventures/associates was a gain of RMB342.6 million (2018: RMB125.1 million), mainly because of the increase in income and profit carried forward from some joint ventures/associates during the Period and the increase in fair value of investment properties of a joint venture.

Income Tax Expense

Our income tax expense increased by 17.3% from RMB737.5 million in 2018 to RMB864.9 million in 2019, primarily due to the significant increase in land value-added tax due to the carry-over of high-margin projects.

Profit for the Year

Profit for the Year reached RMB1,285.0 million, of which profit attributable to our equity holders was RMB903.6 million in 2019.

Liquidity and Capital Resources

The industry in which the Group operates is a capital intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan, and the Group's sources of long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 31 December 2019, our cash at bank and on hand (including restricted cash) was RMB13,748.2 million. Our cash at bank and on hand is mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB18,700.8 million as at 31 December 2018 to RMB19,005.3 million as at 31 December 2019. As at 31 December 2019, we had unutilized banking facilities of approximately RMB27,728.3 million. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2019, the assets used as collaterals for the borrowings amounted to RMB13,196.4 million (31 December 2018: RMB16,855.3 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	Change %
Current Borrowings:			
Bank loans, secured	**2,050,250**	1,045,600	96.1
Other loans, secured	**–**	1,055,620	(100.0)
Trust financing arrangements, secured	**124,700**	231,900	(46.2)
Add: current portion of long-term borrowings	**7,223,063**	4,350,284	66.0
Total Current Borrowings	**9,398,013**	6,683,404	40.6
Non-Current Borrowings:			
Bank loans, secured	**4,742,601**	5,392,476	(12.1)
Other loans, secured	**1,459,000**	2,335,000	(37.5)
Trust financing arrangements, secured	**251,700**	1,094,700	(77.0)
Senior notes due 2020, secured	**1,042,469**	–	–
Senior notes due 2020, secured	**2,750,975**	2,724,530	1.0
Senior notes due 2021, secured	**2,429,874**	2,382,473	2.0
Senior notes due 2021, secured	**1,355,493**	–	–
Senior notes due 2022, secured	**1,805,273**	–	–
Corporate bonds due 2019	**–**	946,942	(100.0)
Corporate bonds due 2021	**992,976**	1,491,522	(33.4)
Less: current portion of long-term borrowings	**(7,223,063)**	(4,350,284)	66.0
Total Non-Current Borrowings	**9,607,298**	12,017,359	(20.1)
Total	**19,005,311**	18,700,763	1.6

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2019		2018	
	RMB'000	%	RMB'000	%
Within 1 year	**9,398,013**	**49.5**	6,683,404	35.7
Between 1 and 2 years	**5,916,425**	**31.1**	7,126,294	38.1
Between 2 and 5 years	**3,168,298**	**16.7**	3,923,218	21.0
Over 5 years	**522,575**	**2.7**	967,847	5.2
Total	**19,005,311**	**100.0**	18,700,763	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 50.5% for the year ended 31 December 2019, ensuring the healthy and stable cash flow of the Group in the future.

Interest and foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

	Year ended 31 December		
	2019	2018	Year-on-year change
	RMB'000	RMB'000	%
Finance costs			
– Interest expensed	**454,587**	148,144	206.9
– Net foreign exchange losses resulted from financing activities	**57,731**	188,965	(69.4)
– Amount capitalized	**1,550,206**	1,387,128	11.8
– Interest on lease liabilities	**14,549**	–	–
Total	**2,077,073**	1,724,237	20.5

Net Debt-to-Capital Ratio

As at 31 December 2019, our net debt-to-capital ratio was 58% (31 December 2018: 64%). Net debt-to-capital ratio is calculated as net debt at the end of the period divided by total equity, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer; or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2019, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB4,363.1 million (2018: RMB3,862.0 million). In addition, we provided guarantee for certain bank loans amounting to RMB1,484.0 million (2018: RMB930.5 million) for our joint ventures and associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of 31 December 2019, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank, trust financing providers and senior notes. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Foreign Exchange Risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes issued in 2017, 2018 and 2019, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

Financial Assets at Fair Value through Profit or Loss/Other Comprehensive Income

As of 31 December 2019, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investment in unlisted equity securities.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals in 2019.

Future Plans for Material Investment

The Directors confirmed that as at the date of this annual report, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

Prospect

In 2020, despite more challenges, by embracing the faith in its power, China will definitely break through all obstacles of various adversities and survive every toughness and challenges, so as to move forward in the process of realizing the great rejuvenation of the Chinese nation.

Jingrui will actively adopt the national strategies and capture the opportunities of high quality development in the new era to improve the overall capability of "fund raising, investment in projects, post-investment project management and capital withdrawal" in all round. Meanwhile, leveraging on its business model of the large-scale asset management strategy, Jingrui will continue to focus on the real estate industry and insist on the market penetration into the first- and second-tier core cities and metropolitan areas. Furthermore, with the orientation of customized product strategy, Jingrui exerts a keen insight on customers' demands so as to render better property and service to them, and enhance the stock asset value by virtue of city update and refined operation. Based on the concept of perpetual commitment and excellent operation, we will cooperate with various investors to win together, share the same development trend with customers and progress with cities.

Directors and Senior Management

Executive Directors

Mr. Yan Hao (閆浩), aged 51, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr. Yan also serves as the Chairman of our Nomination Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 51, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Remuneration Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen co-founded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Xu Hai Feng (徐海峰), aged 46, is the vice-president of the Group. He was appointed as an executive Director on 15 March 2018. Mr. Xu graduated from Tongji University in June 1998 with an engineering degree. He obtained the EMBA degree from CEIBS in September 2013. After graduation, Mr. Xu joined Shanghai Pu Nan Public Transport Co., Ltd. (上海浦南大眾公共交通有限公司), from which he left in April 2001 to join the Group as a senior manager of HR department, and is primarily in charge of formulating and implementing the human resources strategy of the Group. From June 2009 to July 2017, Mr. Xu served successively as the deputy general manager of Jingrui Properties' company in Chongqing, the human resources administrative director of Jingrui Properties, assistant to the president of Jingrui Properties and the executive vice president of Jingrui Properties. He has been in charge of human resources matters and real-estate business of the Group. Mr. Xu served as the executive president of Jingrui Properties from August 2017 to June 2018, being responsible for the overall operation and management of the Group's real estate business. Mr. Xu was appointed by the Company as the vice-president of the Company on 22 June 2018 and concurrently served as the chairman and president of Jingrui Properties.

Mr. Chen Chao (陳超), aged 41, is the vice-president and the chief financial officer of the Group, and the chairman of Yan Capital Management. He was appointed as an executive Director on 30 March 2020. Upon joining the Company in July 2018, Mr. Chen is responsible for financial matters, financing, capital markets and fund business. Mr. Chen joined Xiamen Tianjian Certified Public Accountants Co., Ltd. (廈門天健有限責任會計師事務所) as the audit project manager in June 2001. In November 2006, he joined Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) (stock code: 600755) as the deputy general manager of the finance department and concurrently the financial controller of Xiamen Guomao Real Estate Group (廈門國貿地產集團). From July 2012 to June 2018, he served as the vice president of Yuzhou Properties Company Limited (禹洲地產股份有限公司) (stock code: 01628), in charge of the finance, capital, legal affairs, risk control and other businesses. He also acted as the vice president of Yuzhou Financial Holdings Group (禹洲金控集團), the leader of the South China region and the chairman of Yuzhou Property Group (禹洲物業集團). He has more than 18 years of experience in financial management. Mr. Chen obtained a bachelor's degree in accounting from Xiamen University and an MBA degree from Xiamen University in June 2001 and June 2011, respectively with the qualification of Chinese Certified Public Accountant.

Independent Non-Executive Directors

Mr. Han Jiong (韓炯), aged 51, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, a member of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently a managing partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015.

Mr. Qian Shizheng (錢世政), aged 68, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Mr. Qian received a Bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339), Hanhua Financial Holding Co., Ltd. (stock code: 3903) and Red Star Macalline Group Corporation Ltd. (stock code: 1528), all are listed on the Stock Exchange. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), JP, aged 59, was appointed as an independent non-executive Director of our Company on October 6, 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee and Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (JP) by the government of Hong Kong. In 2003, he was appointed as a Member of Shantou Committee of the Chinese People's Political Consultative Conference.

Dr. Lo is the chairman of Captcha Media Limited (a digital media company), OtoO Academy Limited (a new retail consultant platform) and Strategenes Limited (a corporate strategy company), and a governor of The Charles K. Kao Foundation for Alzheimer's Disease Limited, a member of the Cyberport Advisory Panel and a Member of the Hospital Governing Committee of HK Red Cross Blood Transfusion Service. In 2019, Dr. Lo was appointed to participate in and guide the research project of finance and technology by the banking and finance sector of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council, and also as a expert member of the GP Research Institution of GP Capital. Dr. Lo is also a governor of an independent school in Hong Kong, the ISF Academy, as well as a chairman of Junior Achievement Hong Kong. Dr. Lo is currently the independent non-executive director of the Stock Exchange listed companies, including

Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), SITC International Holdings Company Limited (stock code: 1308), Brightoil Petroleum (Holdings) Limited (stock code: 0933), South Shore Holdings Limited (stock code: 577) and a New York Stock Exchange listed company, Nam Tai Property, Inc. (ticker: NTP). Dr. Lo also served as an independent non-executive director of BOE Varitronix Limited (formerly known as Varitronix International Limited), a company listed on the Stock Exchange (stock code: 710) from July 2004 to June 2016, an executive director and vice chairman of Kidsland International Holdings Limited, a company listed on the Stock Exchange (stock code: 2122) from April 2017 to December 2018, an executive director and chairman of SMI Holdings Group Limited, a company listed on the Stock Exchange (stock code: 0198) from January 2019 to April 2019, an independent non-executive director of Ronshine China Holdings Limited, a company listed on the Stock Exchange (stock code: 3301) from January 2016 to June 2019, and an independent non-executive director of Hsin Chong Group Holdings Limited (stock code: 404, and was delisted on 31 December 2019) from June 2018 to September 2019.

Senior Management

Ms. Jiang Bing Xian (蔣冰弦), aged 39, is our joint company secretary and general manager of central capital market of the Company. Ms. Jiang joined the Company in November 2004. She was appointed as the joint company secretary in June 2017 and also responsible for investor relations and capital market activities. Ms. Jiang obtained a bachelor's degree in Laws from East China University of Political Science and Law in July 2004 and a master's degree in Laws from China University of Political Science and Law in January 2015.

Joint Company Secretaries

Ms. Jiang Bing Xian (蔣冰弦), has been appointed as one of the joint company secretaries and authorized representative of the Company since 23 June 2017. For Ms. Jiang's profile, please refer to the section "Senior Management" above.

Ms. So Lai Shan (蘇麗珊), another joint company secretary of the Company appointed since 11 October 2018, is the assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing company secretarial and compliance services to clients of listed companies. She has over 9 years of professional and in-house experience in the company secretarial field. She is an associate member of the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2019.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2019 except for the deviation from code provision A.2.1 as set out below. However, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Notwithstanding that Mr. Chen Xin Ge was appointed as co-chairman of the Company and Mr. Yan Hao currently holds both positions of co-chairman and chief executive officer of the Company.

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. For the year ended 31 December 2019, the Board comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition.

(A) The Board

The Board shall be liable to the shareholders, responsible for the general strategy, risk management and internal control of the Group. In order to supervise the specific affairs of the Company, the Board has established four board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Composition of the Board

As at the date of this annual report, the Board consists of four executive Directors (namely Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Xu Hai Feng and Mr. Chen Chao) and three independent non-executive Directors (namely Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William). The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2019 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, independent non-executive directors shall account for at least one-third of the board members. The Company has three independent non-executive Directors currently representing more than one third of the Board members and therefore the Company has complied with the Rule 3.10A of the Listing Rules

The Company has received written annual confirmation of independence from each independent non-executive Director as required by the Listing Rules. The Company considers all the independent non-executive Directors to be independent for the purpose of the independence guidelines set out in the Rule 3.13 of the Listing Rules.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee.

As regards the code provision of the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the names of such companies or organizations and the time involved in such offices, each Director has agreed to disclose their commitments to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statute, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2019 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Xu Hai Feng, Mr. Chen Chao (appointed on 30 March 2020), Mr. Xu Chao Hui (resigned on 18 January 2020), Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills in respect of Listing Rules and other statutory and regulatory requirements through participation in training programs or external seminars, thus to make contributions to the Board.

Board Diversity and Diversity Policy

As required by Rule 13.92 of the Listing Rules, the nomination committee (or the board) shall develop a policy concerning board diversity. The Company has adopted a board diversity policy (the "**Board Diversity Policy**") on 18 March 2014, and amended it on 19 December 2018. The existing Directors, who are different from each other in terms of cultural and educational background, professional experience, skills, knowledge, independence and diversity in length of service, can deliver corporate governance on a supplement basis and promise a relatively complete corporate governance system. Details are set out under the section headed "Directors and Senior Management" of this annual report.

The Nomination Committee is mainly responsible for identifying talent with adequate qualification to serve as a board member, and will take into account the Board Diversity Policy. The Board Diversity Policy would be reviewed by the Board on a regular basis to ensure continuous efficiency. Pursuant to the Board Diversity Policy, in relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

Duties of the Board

The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the articles of association of the Company (the "**Articles of Association**").

Name	Position and role
Mr. Yan Hao	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)
Mr. Chen Xin Ge	Executive Director and co-chairman (overall strategic planning and business direction)
Mr. Xu Hai Feng	Executive Director and vice president (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of Jingrui Properties)
Mr. Chen Chao *(appointed on 30 March 2020)*	Executive Director, vice president and chief financial officer (assisting the co-chairmen and chief executive officer and responsible for the finance, financing, capital markets and fund business)
Mr. Xu Chao Hui *(Resigned on 18 January 2020)*	Executive Director and vice president (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of Co-Fortune Capital)
Mr. Han Jiong	Independent non-executive Director and member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Mr. Qian Shi Zheng	Independent non-executive Director and member of the Audit Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Dr. Lo Wing Yan William	Independent non-executive Director and member of the Audit Committee, Remuneration Committee, Nomination Committee and the Risk Management Committee, responsible for supervising and providing independent judgment to the Board

Appointment and Re-election of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company with specified terms, and is subject to retirement and re-election at the forthcoming annual general meeting of the Company.

Each of the executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing from 31 October 2013. In October 2016, the Company renewed the service agreement with each of the executive Directors for a further period of three years. in August 2019, the Company entered into a renewed service agreement with each of the executive Directors for a further fixed period of three years commencing from 31 October 2019 unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018. On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao for a fixed period of three years commencing from 30 March 2020.

Each of Mr. Qian Shi Zheng, Dr. Lo Wing Yan William and Mr. Han Jiong, the independent non-executive Directors, has entered into a letter of appointment with the Company, for an initial term of three years commencing from 31 October 2013. In October 2016, the Company renewed the letter of appointment with each of the independent non-executive Directors for a further period of three years. in August 2019, the Company entered into a renewed letter of appointment with each of our independent non-executive Directors for a further term of three years commencing from 31 October 2019.

Save as disclosed above, none of the Directors has entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall offer himself/herself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall offer himself/herself for re-election by shareholders at the next following general meeting of the Company after appointment.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Xu Hai Feng, Mr. Chen Chao and Mr. Qian Shi Zheng at the annual general meeting to be held on 26 May 2020.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, re-election and succession planning of Directors.

Board Meetings

The Company will adopt the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days for all regular board meetings are given to all Directors to attend the meetings and the relevant subjects would be included in the agenda for such regular meeting. For other Board and committee meetings, reasonable notice is generally given by the Company. The agenda and related board and committee papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

During the year ended 31 December 2019, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ No. of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/4	100%
Executive Director	Mr. Chen Xin Ge	4/4	100%
Executive Director	Mr. Xu Hai Feng	4/4	100%
Executive Director	Mr. Chen Chao *(Appointed on 30 March 2020)*	N/A	N/A
Executive Director	Mr. Xu Chao Hui *(Resigned on 18 January 2020)*	4/4	100%
Independent non-executive Director	Mr. Han Jiong	4/4	100%
Independent non-executive Director	Mr. Qian Shi Zheng	4/4	100%
Independent non-executive Director	Dr. Lo Wing Yan William	4/4	100%

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries to the Directors have been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2019.

Delegation by the Board

The Board reserves its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The corporate governance functions to be performed by the Board include:

(1) to develop and review the corporate governance policies and practices and to make recommendations to the Board;

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

(3) to review and monitor the policies and practices on compliance with legal and regulatory requirements;

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

(5) to review the compliance with the CG Code and disclosure in the corporate governance report.

Committees of the Board

Audit Committee

The Audit Committee comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Dr. Lo Wing Yan William and Mr. Han Jiong. The main duties of the Audit Committee are:

(1) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in ac-cordance with applicable standards. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

(4.6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(5) regarding paragraph (4) above:

(5.1) members of the Audit Committee should liaise with the Board and the Company's senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditors; and

(5.2) the Audit Committee should consider any significant or unusual items that are or may need to be, reflected in the report and accounts, and it should give due consideration to any mat-ters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(6) to review the Company's financial reporting system and internal control procedure;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(8) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

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

(10) to review the Group's financial and accounting policies and practices;

(11) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(13) to report to the Board on the matters included under the heading "Audit Committee" in Appendix 14 to the Listing Rules;

(14) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(15) to act as the key representative body for overseeing the Company's relations with the external auditors;

(16) the Audit Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company; and

(17) to consider other matters as referred to the Audit Committee by the Board.

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for the year ended 31 December 2019. In addition, the Audit Committee has held meetings to discuss and review the annual results and annual report of the Group for the year ended 31 December 2018, the interim results and interim report of the Group for the six months ended 30 June 2019, the annual results and annual report of the Group for the year ended 31 December 2019, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the shareholders at the annual general meeting.

During the year ended 31 December 2019, three meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2019 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Qian Shi Zheng	3/3
Dr. Lo Wing Yan William	3/3
Mr. Han Jiong	3/3

Remuneration Committee

The Remuneration Committee comprises three members, being independent non-executive Directors, Mr. Han Jiong (Chairman) and Dr. Lo Wing Yan William and executive Director, Mr. Chen Xin Ge. A majority of the members of the Remuneration Committee are independent non-executive Directors. The main duties of the Remuneration Committee are:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(8) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(9) consult with the Company's chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors; and

(10) to consider all other matters as referred to the Remuneration Committee by the Board.

The Remuneration Committee has adopted the model described in code provision B.1.2 (c)(ii) of the CG Code.

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2019, and at the same time, made recommendations on performance appraisal standards in 2020. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

For the year ended 31 December 2019, the remuneration payable to members of senior management of the Company by band are set out in Note 31 to the Financial Statements.

During the year ended 31 December 2019, two meetings were held by the Remuneration Committee and the attendance of each respective member at the meetings of the Remuneration Committee held in 2019 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Han Jiong	2/2
Dr. Lo Wing Yan William	2/2
Mr. Chen Xin Ge	2/2

Nomination Committee

The Nomination Committee comprises three members, being executive Director Mr. Yan Hao (Chairman), and independent non-executive Directors Mr. Han Jiong and Dr. Lo Wing Yan William. A majority of the members of the Nomination Committee are independent nonexecutive Directors. The main duties of the Nomination Committee are:

(1) to review the structure, size and composition (including cultural and educational background, professional experience, skills, knowledge, independence, gender and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The main policy and procedures for nomination of Directors are:

(1) The nomination of new Directors shall be first deliberated by the Nomination Committee and then considered and approved by the Board;

(2) When nominating a Director, the Nomination Committee shall assess whether the nominee has the integrity, skills, experience and diverse perspectives required by the business of the Company, and can devote time and energy to fulfilling the duties and responsibilities;

(3) When nominating a Director, the Nomination Committee shall take into account of the contributions the nominee can bring to the Board in terms of culture and education background, professional experience, skills, knowledge, independence, gender and length of service diversity; and

(4) The responsibility of the selection and appointment of Directors shall be taken by all Directors.

On 18 January 2020, Mr. Xu Chao Hui, resigned as an executive Director. On 30 March 2020, the Nomination Committee discussed and proposed to appoint Mr. Chen Chao, the vice president and chief financial officer of the Group and the chairman of Yan Capital Management, as an executive Director of the Company, to supplement the vacancy of the Director due to the resignation of Mr. Xu Chao Hui. Mr. Chen Chao joined the Group in July 2018, responsible for the finance, financing, capital markets and fund business. Mr. Chen has many years of financial management related experience. The Nomination Committee believes that the appointment of Mr. Chen will complement the executive Director's experience and capabilities in financial management, and will be beneficial to the diversification of the board composition of the Company, fulfilling its functions on a continuous and efficient basis. The nomination of Mr. Chen to be appointed as a Director was approved upon discussion by the Board on 30 March 2020.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors during the Year. In addition, the Nomination Committee has approved the retirement and re-election of three Directors, namely Mr. Xu Hai Feng, Mr. Chen Chao and Mr. Qian Shi Zheng at the annual general meeting to be held on 26 May 2020.

During the year ended 31 December 2019, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting of the Nomination Committee held in 2019 is set out in the following table:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

Risk Management Committee

The Risk Management Committee was established on 23 October 2015 and comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. The main duties of the Risk Management Committee are:

(1) to review the risk management and internal controls policy and standard of the Company, as well as the fundamental concepts and scope of compliance management;

(2) to review and make recommendation to the Board on the overall target and basic policy of the compliance and risk management;

(3) to supervise, monitor and make recommendation to the Board on the establishment of risk and compliance management system of the Company and its development;

(4) to supervise and monitor the Company's exposure to sanctions law and implementation of the related internal control policies and procedures adopted by the Company;

(5) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendation to the Board on improvement of the Company's compliance and risk management;

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

(7) to monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management of the Company responsible for risk and compliance management;

(8) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks; and

(9) to review and evaluate the effectiveness of the risk management and internal control policies and procedures with re-spect to sanctions law matters from time to time.

The Risk Management Committee has completed an annual review of the risk management and internal control systems of the Group for the year ended 31 December 2019, including amongst others, sufficiency of resources, qualification and experiences of staff, and their training plans and budgets.

During the year ended 31 December 2019, two meetings were held by the Risk Management Committee and the attendance of each respective member at the meetings of the Risk Management Committee held in 2019 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Qian Shi Zheng	2/2
Mr. Han Jiong	2/2
Dr. Lo Wing Yan William	2/2

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2019 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Risk Management Committee was established by the Board on 23 October 2015. The Board, through the Risk Management Committee, has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

The Board takes full responsibilities for maintaining sound and effective risk management and internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through the Risk Management Committee, conducts regular review at least annually on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

In addition to the Risk Management Committee, the Company has an internal audit function. The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and the Risk Management Committee review and evaluate the control process, monitor any risk factors on a regular basis, and reports to the Board on any findings and measures to address the variances and identified risks. However, the mechanism under the risk management and internal control systems are 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.

The Company has established sound risk management and internal control systems, and formulated internal guidance covering a full range of businesses including investment, operation, marketing, finance and human resources management, with a complete organizational structure and clear responsibilities and authorizations.

The day-to-day operation of various departments is conducted in accordance with the abovementioned internal guidance with cross checks and balances between different departments. In addition, the status of risk management and internal control is further supervised by the departments at a higher level through daily inspection, process assessment and special guidance, and by the independent internal audit department through the review of amendments to internal control procedures, special audit and risk interview, which facilitates the Company to find, identify, assess and manage risks on a timely basis, and to take effective measures to control and mitigate risks.

The Risk Management Committee also conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, and reports to the Board once it has identified any for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

Procedures to Identify, Evaluate and Manage Significant Risks

(1) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company.

(2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting.

(3) Identification of the risks: identifying any potential risks of various business segments and key procedures.

(4) Evaluation on the risks: evaluating and rating the impact on business and its likelihood of the risks identified.

(5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management.

(6) Report and monitor: monitoring and reviewing the policies and evaluating procedures for risk management, and the measures for managing and effectiveness of controlling significant risks, and report the findings to the Board.

Summary of Major Risk Management and Internal Control Initiatives during the Year

(1) The nature of and changes in key risk items identified during the year ended 31 December 2018 were reviewed and the likelihood of such risks and their impact on business were re-evaluated.

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2019 were identified and evaluated.

(3) The appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed.

The Directors consider that the Group's existing risk management and internal control systems and the internal audit function of the Company are effective.

External Auditor

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the Year, amounted to a total of approximately RMB3,995,000. In addition, approximately RMB2,400,000 was incurred for other non-audit services. The non-audit services conducted were mainly non-audit assurance and tax consultancy services provided to the Company.

(C) Joint Company Secretaries and Shareholders' Rights

Joint Company Secretaries

Ms. Jiang Bing Xian ("**Ms. Jiang**"), one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has engaged Ms. So Lai Shan ("**Ms. So**"), an assistant manager of the Listing Services Department of TMF Hong Kong Limited (a company secretarial service provider), as its joint company secretary with a view to assisting Ms. Jiang in performing her duties as the company secretary of the Company. The primary corporate contact person at the Company is Ms. Jiang, the joint company secretary of the Company.

Ms. Jiang and Ms. So have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2019.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2019 will be held on 26 May 2020.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 66 of the Articles of Association, 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 to require an extraordinary general meeting to be called by the Board, with the transaction of any business specified in such requisition. The written requisition can be lodged at the Company's principal place of business in Hong Kong for the attention of the joint company secretaries of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at Unit 09, 43F, China Resources Building, 26 Harbour Road, Hong Kong.

(D) Investor Relations and Communication with Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and nonselective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website (www.jingruis.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year ended 31 December 2019, an annual general meeting was held by the Company on 7 May 2019 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	0/1
Mr. Chen Xin Ge	1/1
Mr. Xu Hai Feng	1/1
Mr. Xu Chao Hui *(Resigned on 18 January 2020)*	1/1
Mr. Han Jiong	0/1
Mr. Qian Shi Zheng	1/1
Dr. Lo Wing Yan William	1/1

In accordance with code provision E.1.2 of the CG Code, the co-chairman, Mr. Chen Xin Ge, Mr. Xu Hai Feng and Mr. Xu Chao Hui, both executive Directors, were present at the annual general meeting held on 7 May 2019, and had invited the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee and the external auditor to attend the meeting. Mr. Han Jiong, chairman of the Remuneration Committee, was unable to attend the annual general meeting due to his personal business engagements in the period. Dr. Lo Wing Yan William, as a member of each Board Committee, was also invited to and attended the annual general meeting.

Dividend Policy

The Company established its dividend policy in October 2013. The Articles of Association provides that dividends may be declared and paid out of profit of the Company, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law and the Articles of Association.

The Directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval. The amount of dividends actually distributed to the shareholders of the Company will depend upon earnings and financial condition, operating requirements, capital requirements of the Company and any other conditions that our Directors may deem relevant.

The Directors currently intend to distribute to our shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for each fiscal year. However, the Company will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. At the same time, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that the Company may enter into in the future.

Information Disclosure

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

Constitutional Documents

There have been no changes in the Company's constitutional documents during the year ended 31 December 2019.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2019.

Global Offering

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 ("**Companies Law**") of the Cayman Islands as an exempted company with limited liability on 7 March 2013. The shares of the Company were listed on the Stock Exchange on 31 October 2013.

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the principal subsidiaries of the Company are set out in Note 42 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2019 by principal activities is set out in Note 25 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

The Group is subject to a number of environmental laws and regulations in the PRC concerning overall environmental protection, impact to the environment, noise pollution and environmental protection for construction projects.

We place high emphasis on complying with relevant environmental laws and regulations. We require our staff and construction contractors to comply with the PRC laws and regulations relating to the quality of construction including environmental, labour, social and safety regulations, as well as our own standards and specifications.

We believe that during the Year we have been in compliance in all material respects with applicable laws and regulations in the PRC.

Relationships with Employees, Customers and Suppliers

During the Year, the Group ensured that its employees were offered competitive remuneration packages, as well as benefits such as social insurance, housing fund and physical examination, so as to maintain its competitiveness. As such, the Group has maintained good relationships with its employees with low outflow of key talents.

The Group focused on taking customers' views and positioned the establishment of our transformation towards a "customized lifestyle service provider". We will strive to become a customized lifestyle service provider with remarkable regional influence, gaining respect from our customers and even suppliers.

During the Year, the Group's procurement from its five largest suppliers accounted for 25.3% (2018: 44.8%) of its procurement while the Group's sales to its five largest customers accounted for 0.9% (2018: 1.0%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2019 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

The sustainable development of the Group depends on the supports and efforts of all parties concerned including our customers, suppliers and contractors, particularly the efforts and contributions of all our staff.

Compliance with Related Laws and Regulations

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The subsidiaries of the Group were incorporated in British Virgin Islands, Hong Kong and the PRC. The operations of the Group were mainly engaged by the subsidiaries of the Group incorporated in the PRC. The Group has an administrative place of business in Hong Kong.

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2019 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

Review on the business of the Group during the Year and the description of its future business development are set out under the sections "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Financial Results

The key financial indicators set out on page 5 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the Year. The financial risk management objectives and policy of the Group are set out in Note 4 to the consolidated financial statements.

Risks and Uncertainties

The financial conditions and operating results of the Group may be subject to various potential risk and uncertainties. Other than the risks disclosed below, the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report also set out certain other risks to which the Group may be exposed.

Policy Risk

The property industry is an important pillar of overall national economic development and the industry as a whole is more susceptible to the impact of macroeconomic and industrial policies.

It has been ten years since the promotion and implementation of the purchase and loan restriction policies in 2010. Marked by the full-scale intervention of "administrative restrictions + monetary policy + fiscal and taxation policies", China's real estate industry is still in the "toughest in history" regulatory cycle. In this process, "the intensification of urban market differentiation", "increased industry concentration", "diversified operation", and "new product and business model innovation" have become the four key words in the market. On 12 December 2019, the Central Economic Work Conference proposed to continue to implement a proactive fiscal policy and a prudent monetary policy. Based on the pilot real-estate regulation "One policy for one city" in 22 cities in the middle of the year, "the policy was completely implemented in light of different situations in different city". On 23 December, the National Housing and Urban-Rural Construction Working Conference stressed that it will focus on stabilizing land prices, housing prices and expectations in 2020. On 24 December, the "Opinions of the Central Committee of the Communist Party of China and the State Council on Creating a Better Development Environment to Support the Reform and Development of Private Enterprises" was officially released, which boosted market confidence.

The real estate market regulation and control in 2020 will still adhere to the idea of "stabilization and progress": on the one hand, it is important to prevent economic and financial risks, rectify various illegal financial behaviors, continue to dismantle shadow banks, continue to reduce residents' leverage, and stimulate consumption; prevent local fiscal risks and government credit risks through land acquisition system reform and credit control; on the other hand, accelerate the research and establishment of a long-term regulatory mechanism. In addition to the unified registration of real estate, the unified urban and rural construction land market, and the development of the real estate leasing market, the exploration and incubation of the real estate tax system (including land value-added tax for personal housing sales) will play a more important role in expected regulatory.

In addition, the real estate industry is often affected by cyclical fluctuations, and the future policy will remain uncertain. If the Company fails to actively adapt to changes in regulatory policies and continues to improve its risk control, business management standards, and formulate reasonable business strategies, the Company's operations and results may be adversely affected.

Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits. This may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

At present, the transfer of land sites for development and construction in the PRC is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

On the other hand, the proportion of projects for holding in the past two years has increased significantly compared with the previous years. The operating and profit model of projects for holding is substantially different from the property development projects, and the external environment is more complicated. In the event that the Company fails to identify the operating characteristics of the projects for holding and is unable to make adjustments in time to cope with changes in the market situation, the contribution of the projects for holding to the Company's revenue growth will be subject to limitations.

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 44 to the consolidated financial statements.

Results

Details of the Group's results for the year ended 31 December 2019 are set out in the consolidated income statement on page 75 of this annual report.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2019 are set out in Note 42 to the consolidated financial statements.

Final Dividend

At the Board meeting held on 30 March 2020, the Board has resolved to recommend the payment of a final dividend HK$0.24 per share for the year ended 31 December 2019 to shareholders whose names appear on the register of members of the Company on 3 June 2020 (2018: HK$0.30).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on pages 225 to 226 of this annual report. The summary does not constitute a part of the audited consolidated financial statements.

Major Customers and Suppliers

For the year ended 31 December 2019, the Group's procurement from its five largest suppliers accounted for 25.3% (2018: 44.8%) of the Group's total procurement, while the procurement from the largest supplier accounted for 9.1% (2018: 18.7%). For the year ended 31 December 2019, the Group's sales to its five largest customers accounted for 0.9% (2018: 1.0%) of the Group's total sales.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2019 are set out in Note 7 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2019 are set out in Note 8 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 18 to the consolidated financial statements.

Share Issuance

During the year ended 31 December 2019, the Company did not issue for cash of any equity securities or any securities convertible into equity securities.

Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 77 of this annual report and in Note 19 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 43(a) to the consolidated financial statements.

Distributable Reserves

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of Cayman Islands, amounted to approximately RMB2,006.5 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2019 are set out in Note 20 to the consolidated financial statements.

Directors

The Directors during the year ended 31 December 2019 and up to the date of this annual report were:

Executive Directors:

Mr. Yan Hao
Mr. Chen Xin Ge
Mr. Xu Hai Feng
Mr. Chen Chao *(Appointed on 30 March 2020)*
Mr. Xu Chao Hui *(Resigned on 18 January 2020)*

Independent Non-executive Directors:

Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Company are set out on pages 34 to 36 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers these Directors to be independent for the year ended 31 December 2019.

Directors' Service Contracts and Letter of Appointments

Each of the executive Directors has entered into a service contract with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 and such service contracts may be terminated in accordance with the respective terms thereof.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 unless terminated earlier.

In October 2016 and August 2019, the Company has renewed the service contract with each of the executive Directors and the letter of appointment with each of the independent non-executive Directors for a further term of three years commencing from 31 October 2016 and 31 October 2019 unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018. On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao for a fixed period of three years commencing from 30 March 2020.

Directors' Remuneration

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

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2019 are set out in Note 31 to the consolidated financial statements. For the year ended 31 December 2019, there was no agreement under which a Director waived or agreed to waive any emoluments.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2019, none of the Directors had any interest in business which competes or may compete directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Beyond Wisdom Limited and Sunny King International Limited (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") with and in favor of the Company on 15 October 2013 and 27 December 2018, respectively, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the"**Restricted Business**").

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2019. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangement and Contracts

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2019 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2019 or at the any time during the Year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the sections "Directors' Remuneration" on page 55 and "Employees and Remuneration Policies" on page 25 of this annual report.

The Company has adopted the Share Award Scheme and the Share Option Scheme on 29 November 2017 and 7 May 2019, respectively. Details of the Share Award Scheme and Share Option Scheme are set out in the section headed "Share Award Scheme" and "Share Option Scheme" below.

Management Contract

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

Pre-emptive rights

There is no provision regarding pre-emptive rights under the Articles of Association and the laws of the Cayman Islands.

Equity-Linked Agreements

Save for the Share Award Scheme and Share Option Scheme as disclosed in the sections headed "Share Award Scheme" and " Share Option Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2019.

Senior Notes and Corporate Bonds

With an aim to improve the Company's debt position, the Company has issued senior notes during the Year. In January 2019, the Company issued a 13% senior notes due 2020 in the aggregate principal amount of USD150,000,000. In April 2019, the Company issued a 10.875% senior notes due 2021 in the aggregate principal amount of USD200,000,000. In July 2019, the Company issued a 12.00% senior notes due 2022 in the aggregate principal amount of USD260,000,000. Further details are set out in the announcements of the Company dated 28 January 2019, 29 January 2019, 1 April 2019, 2 April 2019 and 19 July 2019. The proceeds from the issuance of the above senior notes has been utilized to refinance the Company's existing indebtedness and for general corporate purposes.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 20 to the consolidated financial statements.

Share Award Scheme

On 29 November 2017, the Company adopted the Share Award Scheme, details of which are set out below:

1. Objectives

Among other things, the purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of employees to the growth and development of the Group, to retain such employees to work towards the Company's continuous operation and development, and to attract talented individuals to join the Company to further promote its development; (ii) to establish a benefit sharing and restrictive mechanism to align the interests of senior management and core employees directly to the shareholders of the Company and provide a platform to enhance management cohesion through sharing of the growth of the Company; (iii) to enhance the corporate culture of joint sustainable development to promote the sustainable growth of the Company; and (iv) to effectively deploy the motivation and the creativity of the senior management and the core employees of the Company to ensure that the Company's strategic and business objectives are realized.

2. Participants

The Board may, from time to time, in its absolute discretion, select the selected person(s) after taking into various factors as they deem appropriate and determine the number of awarded shares to be awarded to each of the selected persons. The selected persons shall cover (i) newly recruited senior management of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital; (ii) existing senior management of certain subsidiaries of the

Group at provincial/city level; and (iii) existing senior management and core employees of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital.

3. Maximum Limit

The Board shall not make any further award of awarded shares (excluding awarded shares that have lapsed or been cancelled in accordance with the scheme rules) which will result in the aggregate number of awarded shares awarded by the Board throughout the duration of the scheme to exceed 10% of the total number of issued shares of the Company as at the adoption date (being 129,130,221 shares). In the event of any consolidation or sub-division of the share capital of the Company, such maximum limit shall be adjusted accordingly.

4. Duration and Termination

The scheme was effective from 29 November 2017 and shall continue in full force and effect for a term of 5 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected person. In particular, awarded shares being granted but unvested before the termination of the scheme shall remain effective and shall continue to vest in accordance with the provisions of the scheme and/or the vesting schedule and conditions as set out in the grant letter.

5. Grant and Vesting of Awarded Shares

Pursuant to the scheme rules, the Board may, at its absolute discretion select any eligible participant(s) for participation in the scheme as a selected person and determine the number of shares to be awarded at nil consideration. The Remuneration Committee shall first formulate the grant plan which shall then be recommended to the Board for consideration and approval.

Upon the grant of the awarded shares, a grant letter should be provided to the selected person and such grant letter shall address, among other things, the number of awarded shares granted and the number of underlying shares represented by the awarded shares, the vesting criteria and conditions, the vesting schedule, the exercise price (where applicable) and such other terms and conditions as the Board shall determine and consider necessary and are not consistent with the scheme. A selected person may accept an offer of the grant of awarded shares in such manner as set out in the grant letter. Once accepted, the awarded shares are deemed granted from the date of the grant letter. Upon acceptance, the selected person becomes a participant in this scheme.

Selected persons shall be entitled to receive the awarded shares held by the trustee in accordance with the vesting schedule and conditions as determined by the Board in its sole discretion. Details of the vesting schedule and conditions will be provided in the grant letter to be issued by the Company to the selected persons.

6. Events Triggering Lapse or Immediate Vesting of Awarded Shares

The unvested awarded shares shall automatically lapse in the event of (i) in relation to Type 1 participant(s), any changes in the Type 1 participant's position due to his/her incapability for the position or non-qualifying appraisal and evaluation; and (ii) in relation to all type of participants, (a) the participant resigns voluntarily; (b) the participant resigns due to the staff cut undertaken by the Company or the Company is unwilling to renew the employment contract; (c) the participant becomes incapable and resigns for reasons other than any injury arising out of and in the course of his/her employment; or (d) the participant deceases not for a reason arising out of and in the course of his/her employment. If a participant violates the laws and professional ethics, leaks confidential information of the Company, or is negligent or conduct gross misconduct in performance of duties, which may result in material damage to the interests or reputation of the Company, the unvested awarded shares of such participant shall not be vested, as the Board may direct as it thinks fit.

If a general offer to acquire the shares (whether by offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the shares is approved and the offer becomes or is declared unconditional in all respects, the awarded shares granted to the participants will be vested immediately, even if the vesting period has not yet commenced.

If there occurs any special circumstance which may affect the eligibility of the selected person or the vesting of awarded shares, the awarded shares shall be dealt with in accordance with the scheme rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such awarded shares should be handled.

7. Details of the Movement in the Awarded Shares under the Share Award Scheme during the year ended 31 December 2019

Movements in the number of awarded shares during the Year are set out below:

Name of Grantee	Number of awarded shares as at 1 January 2019	Date of grant	Granted during the Year	Vested and exercised during the Year	Lapsed during the Year	Cancelled during the Year	Number of awarded shares as at 31 December 2019
Executive Directors							
Mr. Xu Hai Feng	–	20 March 2019[3]	361,627	–	–	–	361,627
Mr. Xu Chao Hui	26,230	1 January 2018[1]	–	13,115	–	–	13,115
(resigned on 18 January 2020)	37,108	15 March 2018[2]	–	18,554	–	–	18,554
Other senior management							
Other senior management	1,330,802	1 January 2018[1]	–	665,401	391,627	–	273,774
	6,061,424	15 March 2018[2]	–	3,030,712	493,431	–	2,537,281
	–	20 March 2019[3]	3,501,560	–	440,833	–	3,060,727
	–	20 March 2019[4]	1,600,000	528,000	–	–	1,072,000
	–	9 September 2019[3]	252,518	–	–	–	252,518
Total	7,455,564		5,715,705	4,255,782	1,325,891	–	7,589,596

(1) The awarded shares granted on 1 January 2018 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/3 in each of 2018, 2019 and 2020.

(2) The awarded shares granted on 15 March 2018 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2019 and 2020.

(3) The awarded shares granted on 20 March 2019 and 9 September 2019 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2020 and 2021.

(4) The awarded shares granted on 20 March 2019 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 528,000 shares, 528,000 shares and 544,000 shares in each of 2019, 2020 and 2021, respectively.

SHARE OPTION SCHEME

On 7 May 2019, the Company adopted the Share Option Scheme, details of which are set out below:

1. Objectives

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions made or may have made by the eligible participants to the Group. The Share Option Scheme will provide eligible participants with an opportunity to hold personal interests in the Company, thereby stimulating eligible participants to enhance performance efficiency for the benefit of the Group and to attract and retain eligible participants or otherwise maintain a continuous business relationship with eligible participants and the contributions of such eligible participants will benefit the Group's long-term development.

2. Eligible participants

The Board may, at its discretion, grant a share option to the following persons to subscribe for the relevant number of new shares as may be determined by the Board as follows: (i) any senior executive or director of the Group (including non-executive directors and independent non-executives directors); and (ii) any senior management staff of the Group.

In accepting the relevant share options, the grantee is required to pay HK$1.00 to the Company as the consideration for the grant of the share options.

3. Maximum Limit

The maximum number of shares in the share options that may be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of issued shares on the date of adoption. If the Company has issued a circular and approved by the shareholders at the general meeting and/or complies with such other requirements as may be prescribed by the Listing Rules from time to time, the Board may: re-determine the cap at any time at 10% of the shares in issue on the date of approval of the shareholders' meeting; and/or granting more than 10% of the options to eligible participants selected by the Board. The maximum number of shares that may be issued at any time after the exercise of all the outstanding share options granted but not yet exercised under the Share Option Scheme and any other share option scheme of the Company shall not exceed 30% of the shares in issue from time to time. On 7 May 2019, the Company received a plan authorization limit of 10% of the total number of issued shares of the Company on that date, which was a total of 140,019,421 shares, representing 10% of the number of shares issued by the Company as at the date of this report.

As at 31 December 2019, the maximum number of the shares available for issue upon exercise of all share options which may be granted under the Share Option Scheme is 113,019,421 shares, representing approximately 8.07% of the issued share capital of the Company as at the date of the report. During the year ended 31 December 2019, a total of 27,000,000 options were granted under the Share Option Scheme. For the year ended 31 December 2019, no options were exercised, cancelled or lapsed.

4. Duration and Termination

The scheme is effective as of 7 May 2019. The share options may be exercised at any time during the period prior to the expiration of 10 years from the date on which the options are deemed to have been granted and accepted, in accordance with the terms of the Share Option Scheme. The exercise period of the share options will be determined by the Board at its sole discretion, but not more than 10 years after the grant of the share options.

No share options may be granted after 10 years from the date of approval of the Share Option Scheme. Unless the Company terminates early through the general meeting or the board of directors, the Share Option Scheme will become effective and valid for a period of 10 years from the date of adoption, up to 6 May 2029.

5. **The maximum number of shares that each participant can be authorized to benefit from**

Shares issued or to be issued to each of the participants during the course of any 12-month period in which all share options (including exercised and outstanding share options) granted under the Share Option Scheme or any other share option scheme of the Company must not exceed 1% of the total number of issued shares. If the number of share options further granted exceed maximum of 1%, the granted share options shall be approved by the shareholders by voting at the general meeting.

Having been or will be granted under the Share Option Scheme or any other share option scheme of the Company during the 12-month period up to and including the date of the grant of the shareholders, shares issued or to be issued upon the exercise of the entire share options (including the exercised, cancelled and outstanding share options) (1) totaling more than 0.1% of the total number of issued shares; and (2) calculated on the date of grant if the total value of the closing price of the shares exceeds HK$5,000,000, the proposed share options must be approved by the shareholders at the general meeting by way of poll.

6. **Share subscription price**

The subscription price of the shares of any particular share options granted under the Share Option Scheme shall be the price determined by the Board at its sole discretion, provided that the price is not lower than the following highest:

(i) The official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant (which is the date on which the Stock Exchange is opened for securities trading business);

(ii) The average of the official closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; and

(iii) The nominal value of a share.

7. **Details of the Movement in the Share Options under the Share Option Scheme during the year ended 31 December 2019**

Movements in the number of share options during the Year are set out below:

Name of Grantee	Date of grant	Exercise period	Closing price prior to the date of grant (HK$ per share)	Exercise price (HK$ per share)	Number of outstanding share options as at 1 January 2019	Granted during the Year	Vested and exercised during the Year	Lapsed during the Year	Cancelled during the Year	Number of outstanding share options as at 31 December 2019
Executive Directors										
Mr. Xu Hai Feng	9 September 2019	From 9 September 2019 to 8 September 2029	2.53	2.53	–	4,500,000				4,500,000
Mr. Xu Chao Hui *(resigned on 18 January 2020)*	9 September 2019	From 9 September 2019 to 8 September 2029	2.53	2.53	–	4,500,000				4,500,000
Other senior management										
Other senior management	9 September 2019	From 9 September 2019 to 8 September 2029	2.53	2.53	–	18,000,000				18,000,000
Total					–	27,000,000	–	–	–	27,000,000

Notes:

(1) Share options granted by the Company on 9 September 2019 will be vested by batches from 2019 to 2022. The vesting of the share options are conditional upon the achievement of certain targets related to the Group including but not limited to contracted sales of the Group and net profits attributable to equity holders per financial year during the period from 2019 to 2021.

(2) During the reporting period, the fair value of share options granted to the Directors and other eligible persons was RMB14,958,000, and the fair value of share options recognized as administrative expenses was RMB3,181,000.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2019.

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

As at 31 December 2019, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of shares held [5]	Approximate percentage of shareholding interest [6]
Mr. Yan Hao	Founder of a discretionary trust [1]	534,394,613 (L)	38.16%
	Beneficial owner	200,000 (L)	0.02%
Mr. Chen Xin Ge	Founder of a discretionary trust [2]	409,805,918 (L)	29.27%
	Beneficial owner	782,000 (L)	0.05%
Mr. Xu Hai Feng	Beneficial owner [3]	5,042,460 (L)	0.36%
Mr. Xu Chao Hui *(Resigned on 18 January 2020)*	Beneficial owner [4]	5,425,058 (L)	0.39%

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 534,394,613 shares through its control over Beyond Wisdom Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
Beyond Wisdom Limited	Yan Trust	100	Y	534,394,613 (L)

(2) Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited and Sunny King International Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
New Decent King Investment Limited	Cantrust (Far East) Limited	100	N	409,805,918 (L)
Sunny King International Limited	New Decent King Investment Limited	100	Y	409,805,918 (L)

(3) Mr. Xu Hai Feng is interested in 4,500,000 share options of the Company.

(4) Mr. Xu Chao Hui is interested in 4,500,000 share options of the Company.

(5) (L) represents long positions in these securities.

(6) There were 1,400,194,213 shares in issue as at 31 December 2019.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2019, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

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

As at 31 December 2019, so far as the Directors were aware, the following persons (other than the Directors or the chief executive of the Company) have interests and/or short positions in the shares or underlying shares of the Company as required to be kept under section 336 of the SFO:

Name	Nature of interest	Number of shares [3]	Percentage of shareholding interest [4]
Beyond Wisdom Limited	Beneficial owner [1]	534,394,613 (L)	38.16%
Yan Trust	Trustee [1]	534,394,613 (L)	38.16%
Sunny King International Limited	Beneficial owner [2]	409,805,918 (L)	29.27%
New Decent King Investment Limited	Interest of a controlled corporation [2]	409,805,918 (L)	29.27%
Cantrust (Far East) Limited	Trustee [2]	409,805,918 (L)	29.27%

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 531,394,613 shares through its control over Beyond Wisdom Limited and Mr. Yan Hao (as a founder of the discretionary trust) is deemed to be interested in 534,394,613 shares.

(2) New Decent King Investment Limited is deemed to be interested in 409,805,918 shares through its control over Sunny King International Limited and Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited while Mr. Chen Xin Ge (as a founder of the discretionary trust) is deemed to be interested in 409,805,918 shares.

(3) (L) represents long positions in these securities.

(4) There were 1,400,194,213 shares in issue as at 31 December 2019.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2019, no other person had an interest or short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

Pursuant to Article 181 of the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise.

Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2019 are set out in Note 41(b) to the consolidated financial statements

Pursuant to Chapter 14A of the Listing Rules, all the related party transactions listed in Note 41(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures and associates of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules. The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

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

Repurchase, Sale or Redemption of Listed Securities of the Company

For the year ended 31 December 2019, the Company purchased part of notes in an aggregate principal amount of USD5.00 million due April 2020 ("**Repurchased 2020 Notes**") with a total consideration of approximately USD5.05 million (including unpaid interests accrued) and part of notes in an aggregate principal amount of USD3.40 million due October 2021 ("**Repurchased 2021 Notes**") with a total consideration of approximately USD3.30 million (including unpaid interests accrued). Pursuant to terms of the deed regulating the notes due April 2020 and October 2021, the Repurchased 2020 Notes and the Repurchased 2021 Notes were cancelled on 13 March 2020 respectively.

Save as disclosed above, the Company or any of its subsidiaries (other than the Trust of the Share Award Scheme) did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2019. For details of the purchase, sale or redemption of the listed securities of the Company or any of its subsidiaries for the year ended 31 December 2019, please refer to the Note 20 to the consolidated financial statements in this report.

Changes of Information of Directors

Pursuant to Rule 13.51B (1) of the Listing Rules, the changes in the information in respect of the Directors are set out below:

On 27 September 2019, Dr. Lo Wing Yan William, an independent non-executive Director, resigned as an independent non-executive director of Hsin Chong Group Holdings Limited (stock code: 404 and was delisted on 31 December 2019).

On 18 January 2020, Mr. Xu Chao Hui, an executive Director, resigned as executive Director, the Company's Vice President and Authorized Representative.

On 18 January 2020, Mr. Yan Hao, an executive Director, Co-Chairman and Chief Executive Officer, was appointed as the Authorized Representative of the Company.

On 30 March 2020, Mr. Chen Chao was appointed as an executive Director.

On 6 April 2020, Dr. Lo Wing Yan William, an independent non-executive Director, was appointed as an independent non-executive director of South Shore Holdings Limited (Stock Code: 577).

Save as disclosed above, there was no other change in the information of the Directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Review by Audit Committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed with them the audit, internal control and financial reporting matters of the Group, including review of the annual results and financial statements for the Year.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2019.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2019, save for the deviation from code provision A.2.1 as explained in page 37 of this annual report. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 37 to 49 of this annual report.

Auditor

The financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting and being eligible, will offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Yan Hao
Chen Xin Ge
Co-chairmen

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TO THE SHAREHOLDERS OF JINGRUI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 224, which comprise:

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

Our opinion

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

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Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Classification of subsidiary, joint venture and associate
- Provision for properties held or under development for sale
- Valuation of the investment properties

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Key Audit Matters (continued)

Key Audit Matter 1	How our audit addressed the Key Audit Matter
Classification of subsidiary, joint venture and associate Refer to Note 5 (Critical accounting estimates and judgements), Note 10 (Investments in joint ventures), Note 11 (Investments in associates) and Note 42 (Particulars of principal subsidiaries) to the consolidated financial statements. The Group holds investments in a number of property development companies. During the year ended 31 December 2019, the Group had 8 new non-wholly owned subsidiaries, 3 new joint ventures and 5 new associates, some of which were acquired through equity purchase. The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence (respectively), which involves judgements in some cases. We focused on this area because significant judgement is involved in determining whether those newly invested companies are a subsidiary, a joint venture or an associate of the Group. Subsidiaries are consolidated, which means each asset, liability and transactions are shown in the Group's financial statements, whereas joint ventures and associates are shown as single investments with a single item of profit or loss for their results. As a result, the inappropriate classification, either on acquisition and disposal or in subsequent reporting periods, can have a material impact on the consolidated financial statements.	In assessing the classification of the new investments of the Group during the year ended 31 December 2019, we performed audit procedures as follows: (1) We conducted interviews with the Group's management to obtain an understanding of the background of the investments and obtained management's assessment and judgement of the classification of those investments. (2) We examined the legal documents associated with these investments, to determine the key terms, including rights of the investors, terms of shareholders' agreements and supplemental agreements, dispute resolution provisions, termination provisions, written concerted party agreements, governance structures and the articles of association, and then assessed these against accounting standards based on our own expertise and experience of applying them in similar situations. (3) In case where there have been subsequent changes to the shareholders' agreements or governance structures, we critically assessed whether the changes had impact on the initial analysis. (4) We sought for confirmation or alternatively inquired the joint controlling shareholders, the non-controlling shareholders or controlling shareholders to confirm the completeness of contracts and agreements we obtained, and no subsequent supplementary or amendments, to confirm their intention to act in concert with the Group if applicable, and to obtain an understanding of their assessment of the rights and obligations in those investments. (5) We examined the board resolutions and shareholders resolutions of the investments, to corroborate the explanations of the Group's management. (6) We considered the adequacy of the Group's disclosures in respect of the classification and carrying values of subsidiaries, joint ventures and associates. Based on our audit procedures performed, we consider the classification of subsidiaries, joint ventures and associates made by the Group is supported by the evidence we obtained.

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Key Audit Matters (continued)

Key Audit Matter 2

Provision for properties held or under development for sale

Refer to Note 5 (Critical accounting estimates and judgements) and Note 15 (Properties held or under development for sale) to the consolidated financial statements.

As at 31 December 2019, the Group's properties held or under development for sale amounted to approximately RMB17,865,726,000 (31 December 2018: approximately RMB18,572,034,000), against which a provision of approximately RMB14,527,000 (31 December 2018: approximately RMB30,727,000) was provided. During the year ended 31 December 2019, an additional provision of approximately RMB11,747,000 (year ended 31 December 2018: RMB21,818,000, netting off a reversal of RMB19,963,000) was made.

Properties held or under development for sale are stated at the lower of cost and net realisable value. The determination of the estimated net realisable value of these properties is highly dependent on the Group's expectation of future selling prices and the estimated costs to complete the development projects.

We focused on this area mainly because significant judgement is required to make estimates of future selling prices and the estimated costs to complete the development projects.

How our audit addressed the Key Audit Matter

Regarding the management's assessment of provision of properties held or under development for sale, we conducted the following audit procedures:

(1) We obtained the calculation schedules for provision for properties held or under development for sale, and tested the completeness of development projects and the mathematical accuracy of the schedules.

(2) We interviewed the management to understand the reasons for the provision for those projects.

(3) We corroborated the Group's forecast selling prices by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held or under development for sale.

(4) We compared the management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated costs to complete and corroborated the underlying assumptions made with our understanding of past completed similar projects.

(5) We challenged the management's assessment and estimation of net realisable value of properties held or under development by using our industry knowledge and external market analysis.

(6) We compared the provision provided with the subsequent actual written-off and investigated if any significant variance exists, to assess the historical accuracy and adequacy of the provision made by the management.

Based on our audit procedures performed, we consider that the reasonableness of management's judgement and estimates applied on their assessment of provision of properties held or under development for sale is supported by the evidence we obtained.

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Key Audit Matters (continued)

Key Audit Matter 3	How our audit addressed the Key Audit Matter
Valuation of the investment properties Refer to Note 5 (Critical accounting estimates and judgements) and Note 8 (Investment properties) to the consolidated financial statements. The Group's investment properties were carried at approximately RMB6,348,172,000 as at 31 December 2019 (31 December 2018: RMB7,154,272,000) and fair value gains of approximately RMB74,548,000 (year ended 31 December 2018: RMB442,759,000) were presented either as depreciation/appreciation of investment properties under office and apartment platform, or fair value gains on investment properties under other platforms in the consolidated income statement. We focused on this area because the valuation of the investment properties is significant to the financial statements and the valuation of the investment properties was highly dependent on a range of estimates, such as future rental cash inflows, term yield and reversionary yield which were carried out by well-known independent professional qualified valuers.	Regarding the valuation of the investment properties, we performed the following procedures: (1) We assessed the independence and competence of the external valuer which issued valuation report. (2) We assessed the valuation techniques adopted in the valuation. (3) For rental income used in the valuation, we checked the amount to rent roll and lease arrangement on a sample basis. (4) For yield rates, market rents and recent prices of similar properties used in the valuation, we compared them with our own expectation using evidence of market transaction. Where we identified estimates and assumptions that were outside the typical ranges used, we discussed these with the valuer to understand the rationale and then assessed, based on all the available evidence and our experience in this sector, whether the use of the estimate or assumption was justified. (5) We tested the calculation of the valuation. Our testing indicated that the estimates and assumptions used are justified in the context of the Group's property portfolio.

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Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the chairman's statement and management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the audit committee 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 Lee Chung Bor.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 April 2020

Consolidated Balance Sheet

As at 31 December 2019

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**54,839**	71,427
Investment properties	8	**6,348,172**	7,154,272
Intangible assets	9	**2,796**	2,845
Investments in joint ventures	10	**1,012,044**	605,828
Investments in associates	11	**1,834,909**	583,558
Deferred income tax assets	24	**274,398**	166,276
Financial assets at fair value through profit or loss	13	**1,000,587**	551,606
Financial assets at fair value through other comprehensive income	13	**546,939**	472,104
Trade and other receivables and prepayments	16	**757,298**	325,783
		11,831,982	9,933,699
Current assets			
Prepayments for leasehold land	14	**720,095**	–
Properties held or under development for sale	15	**17,851,199**	18,541,307
Trade and other receivables and prepayments	16	**7,168,200**	6,099,232
Prepaid income taxes		**323,224**	103,312
Restricted cash	17	**3,064,679**	1,354,871
Cash and cash equivalents	17	**10,683,523**	11,715,378
Contract acquisition costs		**122,037**	42,241
Financial assets at fair value through profit or loss	13	**598,250**	92,555
		40,531,207	37,948,896
Total assets		**52,363,189**	47,882,595
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	18	**86,634**	86,634
Reserves	19	**5,220,202**	4,600,358
		5,306,836	4,686,992
Non-controlling interests	42	**3,799,914**	4,126,155
Total equity		**9,106,750**	8,813,147

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2019

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**9,607,298**	12,017,359
Deferred income tax liabilities	24	**1,304,409**	1,321,233
Lease liabilities		**148,124**	–
Derivative financial instruments	21	**39,420**	–
		11,099,251	13,338,592
Current liabilities			
Trade and other payables	22	**14,369,067**	13,472,373
Amounts due to non-controlling interests of subsidiaries	23	**896,011**	377,894
Contract liabilities		**6,231,044**	4,181,540
Current income tax liabilities		**1,242,200**	1,000,160
Borrowings	20	**9,398,013**	6,683,404
Lease liabilities		**20,853**	–
Financial liabilities for put option written on non-controlling interests	21	**–**	15,485
		32,157,188	25,730,856
Total liabilities		**43,256,439**	39,069,448
Total equity and liabilities		**52,363,189**	47,882,595

The consolidated financial statements on pages 73 to 224 were approved by the Board of Directors on 14 April 2020 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Chen Chao
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Income Statement

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	25	**13,285,127**	11,268,203
Cost of sales	28	**(10,599,949)**	(8,721,010)
Gross profit		**2,685,178**	2,547,193
(Depreciation)/appreciation of investment properties under office and apartment platform	8	**(21,474)**	388,051
Fair value gains on investment properties under other platforms	8	**96,022**	54,708
Selling and marketing costs	28	**(385,575)**	(307,179)
Administrative expenses	28	**(606,562)**	(780,274)
Other income	26	**158,470**	68,338
Other gains – net	27	**146,740**	228,830
Operating profit		**2,072,799**	2,199,667
Finance income	29	**261,507**	53,343
Finance costs	29	**(526,987)**	(337,650)
Finance costs – net		**(265,480)**	(284,307)
Share of results of joint ventures	10	**170,409**	(47,324)
Share of results of associates	11	**172,148**	172,387
		342,557	125,063
Profit before income tax		**2,149,876**	2,040,423
Income tax expense	32	**(864,866)**	(737,532)
Profit for the year		**1,285,010**	1,302,891
Attributable to:			
Equity holders of the Company		**903,591**	1,031,919
Non-controlling interests		**381,419**	270,972
		1,285,010	1,302,891
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	34	**RMB0.65**	RMB0.77
– Diluted earnings per share	34	**RMB0.65**	RMB0.77

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	**1,285,010**	1,302,891
Other comprehensive income/(losses) that may be reclassified subsequently to profit or loss		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	**73,624**	(81,702)
Other comprehensive income/(losses) for the year, net of tax	**73,624**	(81,702)
Total comprehensive income for the year	**1,358,634**	1,221,189
Attributable to:		
Equity holders of the Company	**977,215**	950,217
Non-controlling interests	**381,419**	270,972
	1,358,634	1,221,189

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Treasury shares RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019	86,634	1,157,260	(5,848)	713,207	2,735,739	4,686,992	4,126,155	8,813,147
Change in accounting policy (Note 3)	–	–	–	–	3,686	3,686	–	3,686
Restated balance at 1 January 2019	86,634	1,157,260	(5,848)	713,207	2,739,425	4,690,678	4,126,155	8,816,833
Comprehensive income/(loss)								
Profit for the year 2019	–	–	–	–	903,591	903,591	381,419	1,285,010
Other comprehensive income								
Net changes in fair value of financial assets through other comprehensive income (Note 13)	–	–	–	74,835	–	74,835	–	74,835
Tax on fair value gains on financial assets through other comprehensive income (Note 24)	–	–	–	(1,211)	–	(1,211)	–	(1,211)
Total comprehensive income for the year 2019	–	–	–	73,624	903,591	977,215	381,419	1,358,634
Transactions with owners								
Dividends to the Company's shareholders in respect of year 2018 (Note 35)	–	(360,323)	–	–	–	(360,323)	–	(360,323)
Dividends of subsidiaries	–	–	–	–	–	–	(811,803)	(811,803)
Buy back of shares (Note 18)	–	–	(4,289)	–	–	(4,289)	–	(4,289)
Share award scheme (Note 33)	–	–	64	10,294	–	10,358	–	10,358
Share option scheme (Note 33)	–	–	–	3,181	–	3,181	–	3,181
Capital reduction in respect of non-controlling interests	–	–	–	–	–	–	(144,550)	(144,550)
Contribution from non-controlling interests	–	–	–	–	–	–	885,000	885,000
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	–	(25,589)	–	(25,589)	(674,112)	(699,701)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	49,468	49,468
Non-controlling interests on deemed disposal of subsidiaries	–	–	–	–	–	–	(11,663)	(11,663)
Lapse of put option written on non-controlling interests (Note 21)	–	–	–	15,605	–	15,605	–	15,605
	–	(360,323)	(4,225)	3,491	–	(361,057)	(707,660)	(1,068,717)
Balance at 31 December 2019	86,634	796,937	(10,073)	790,322	3,643,016	5,306,836	3,799,914	9,106,750

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Treasury shares RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018	79,361	1,193,851	–	665,719	1,792,875	3,731,806	2,401,115	6,132,921
Changes in accounting policies	–	–	–	85,020	(89,055)	(4,035)	–	(4,035)
Restated balance at 1 January 2018	79,361	1,193,851	–	750,739	1,703,820	3,727,771	2,401,115	6,128,886
Comprehensive income/(loss)								
Profit for the year 2018	–	–	–	–	1,031,919	1,031,919	270,972	1,302,891
Other comprehensive income								
Net changes in fair value of financial assets through other comprehensive income (Note 13)	–	–	–	(76,870)	–	(76,870)	–	(76,870)
Tax on fair value gains on financial assets through other comprehensive income (Note 24)	–	–	–	(4,832)	–	(4,832)	–	(4,832)
Total comprehensive income for the year 2018	–	–	–	(81,702)	1,031,919	950,217	270,972	1,221,189
Transactions with owners								
Dividends to the Company's shareholders in respect of year 2017 (Note 35)	–	(260,794)	–	–	–	(260,794)	–	(260,794)
Dividends of a subsidiary	–	–	–	–	–	–	(11,869)	(11,869)
Place of new shares (Note 18)	8,574	261,266	–	–	–	269,840	–	269,840
Buy back and cancellation (Note 18)	(1,301)	(37,063)	–	–	–	(38,364)	–	(38,364)
Buy back of shares (Note 18)	–	–	(5,862)	–	–	(5,862)	–	(5,862)
Share award scheme (Note 33)	–	–	14	4,193	–	4,207	–	4,207
Repayment of the capital	–	–	–	–	–	–	(500)	(500)
Capital contribution from non-controlling interests	–	–	–	–	–	–	1,400,000	1,400,000
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	–	39,977	–	39,977	66,437	106,414
	7,273	(36,591)	(5,848)	44,170	–	9,004	1,454,068	1,463,072
Balance at 31 December 2018	86,634	1,157,260	(5,848)	713,207	2,735,739	4,686,992	4,126,155	8,813,147

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Operating activities		
Net cash generated from operations (Note 36(a))	**3,614,168**	1,093,391
Interest paid	**(1,809,812)**	(1,490,796)
PRC income tax paid	**(372,481)**	(451,261)
PRC land appreciation tax paid	**(435,551)**	(95,754)
Net cash generated from/(used in) operating activities	**996,324**	(944,420)
Investing activities		
Purchase of property, plant and equipment	**(7,645)**	(30,734)
Purchase of intangible assets	**(1,619)**	(922)
Acquisition cost of and capitalised expenditures incurred on investment properties	**(113,773)**	(1,381,595)
Proceeds from disposal of property, plant and equipment (Note 36(c))	**496**	2,089
Proceeds from disposal of investment properties	**105,270**	778,494
Cash receipt of leasing investment receivables	**14,732**	–
Capital injection to/acquisition of joint ventures	**(152,313)**	(423,310)
Capital injection to/acquisition of associates	**(868,764)**	(342,000)
Disposal of interests in associates	**–**	50,692
Disposal of interests in joint ventures	**3,500**	–
Acquisition of subsidiaries, net of cash acquired	**–**	1,674
Acquisition of financial assets at fair value through profit or loss	**(1,354,011)**	(379,916)
Acquisition of financial assets at fair value through other comprehensive income	**–**	(59,819)
Cash receipt of remaining consideration in connection with the disposal of subsidiaries	**26,871**	–
Disposal of shares in subsidiaries	**241,148**	–
Disposal of financial assets at fair value through profit or loss	**795,462**	74,555
Disposal of financial assets at fair value through other comprehensive income	**–**	228,393
Dividend received from financial assets at fair value through other comprehensive income	**238**	13,816
Receivables from a third party	**(629,253)**	–
Prepayments for investments	**–**	(325,783)
Repayments from related parties	**766,188**	294,778
Providing loans to related parties	**(106,693)**	(774,723)
Cash advance to non-controlling interests of subsidiaries	**(1,203,658)**	(413,148)
Cash receipt from non-controlling interests of subsidiaries	**673,684**	80,183
Cash advance from potential investors of a subsidiary	**87,656**	–
Interest received from related parties	**44,893**	–
Interest received	**221,835**	53,343
Net cash used in investing activities	**(1,455,756)**	(2,553,933)

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Financing activities		
Proceeds from borrowings	**6,096,100**	10,919,545
Proceeds from issuance of senior notes	**4,101,614**	2,178,198
Repayments of borrowings	**(8,645,962)**	(8,605,530)
Repayment of senior notes	**(58,600)**	(407,469)
Repayments of corporate bonds	**(1,089,898)**	–
Dividends paid	**(360,323)**	(260,794)
Dividend paid of subsidiaries	**(13,004)**	(11,869)
Capital contribution from non-controlling interests of subsidiaries	**885,000**	1,400,000
Repayment of the capital to non-controlling interests of a subsidiary	**(144,550)**	(500)
Cash receipt from non-controlling interests of subsidiaries	**709,450**	192,284
Repayment to non-controlling interests of subsidiaries	**(191,333)**	(450,229)
Changes in advance from related parties	**(84,764)**	(599,000)
Increase in restricted cash relating to financing activities	**(1,444,746)**	(58,500)
Changes in ownership interests in subsidiaries without change of control (Note 39)	**(699,701)**	31,891
Payables for acquisition of equity investments	**943,126**	–
Acquisition of treasury shares	**(4,289)**	(5,862)
Place of new shares	**–**	269,840
Buy back and cancellation	**–**	(38,364)
Amounts due to third parties	**(99,995)**	1,450,000
Payables to related parties of non-controlling interests	**(234,000)**	700,000
Payables for acquisition of equity interests of Taizhou Zhenghuang Property Co., Ltd. ("Taizhou Zhenghuang")	**(268,930)**	268,930
Principal elements of lease payments	**(23,366)**	–
Changes in deposits paid to secure borrowings	**8,231**	(31,920)
Net cash (used in)/generated from financing activities	**(619,940)**	6,940,651
Net (decrease)/increase in cash and cash equivalents	**(1,079,372)**	3,442,298
Effect of foreign exchange rate changes	**47,517**	8,244
Cash and cash equivalents at beginning of the year	**11,715,378**	8,264,836
Cash and cash equivalents at end of the year (Note 17)	**10,683,523**	11,715,378

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 General information

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretation of HKFRSs adopted by the Group in 2019

The following new standards, amendments and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2019 and are relevant to the Group's operation.

* HKFRS 16 Leases ("HKFRS 16")

* Prepayment Features with Negative Compensation – Amendments to HKFRS 9

* Long-term Interests in Associates and Joint Ventures – Amendments to HKAS 28

* Annual Improvements to HKFRSs 2015-2017 Cycle

* Plan Amendment, Curtailment or Settlement – Amendments to HKAS 19

* Interpretation 23 Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16 is disclosed in Note 3 below. The other newly effective standards, amendments and interpretation to existing standards listed above did not have any significant impact on the Group's results of operation and financial position for the year ended 31 December 2019.

(b) New standards, amendments and interpretation of HKFRSs not yet adopted

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2019 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group' results of operations and financial position.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

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

(a) Business combinations

The Group applies the acquisition method as described below to account for business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the reorganised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisitions date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held equity interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

2 Summary of significant accounting policies (continued)

2.3 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venture does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint ventures share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

Investment in a joint venture is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statement include the Group's share of the post-acquisition results of joint ventures, and the consolidated balance sheet include the Group's share of the net assets of the joint ventures and goodwill identified on acquisition net of any accumulated impairment losses.

2 Summary of significant accounting policies (continued)

2.4 Associates

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movement in other comprehensive income is recognized in other comprehensive income with a corresponding adjustments to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The impairment amount, as the difference between the recoverable amount of the associate and its carrying value is recognised in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "Finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other gains/(losses) – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

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

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

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

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

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

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

– Motor vehicles	6 years
– Furniture, fittings and equipment	5 years
– Leasehold improvements and others	shorter of remaining lease term or useful life estimated 5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) – net" in the consolidated income statement.

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement in fair value gains or losses on investment properties.

Property that is currently being constructed or developed for future use as an investment property is classified as investment property and stated at fair value. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.9 Intangible assets

(a) Goodwill

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

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

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

(b) Computer software

Intangible assets of the Group mainly comprise acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years

2.10 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

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

2 Summary of significant accounting policies (continued)

2.12 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.13 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.8).

2.14 Financial assets

2.14.1 Classification

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

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

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

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

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

2.14.2 Recognition and measurement

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.3 Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidation income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidation income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

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

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.4 Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments ("HKFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 16 for further details.

2.15 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement.

2.16 Offsetting financial instruments

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

2.17 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

2.19 Share capital

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

2 Summary of significant accounting policies (continued)

2.20 Trade and other payables

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

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

2.21 Borrowings and borrowing costs

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

(c) Offsetting

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

2.23 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

Such options, including the transaction costs, are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.24 Employee benefits

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

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

The contributions are recognised as employee benefit expense when they are due.

2 Summary of significant accounting policies (continued)

2.25 Share-based payments

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

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

Non-market performance and service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

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

2.26 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of significant accounting policies (continued)

2.27 Financial guarantee liabilities

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

- the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments* and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

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

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

2.28 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or

- creates and enhances an asset that the customer controls as the Group performs; or

- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition (continued)

(a) Sales of properties (continued)

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property, and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. If on the contract commencement date, the Group expects that the interval between the customer's obtaining control of the property and the payment of consideration by the customer will not exceed 1 year, the financing component will not be considered as significant.

(b) Service income

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling price are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(c) Sales of goods

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

(d) Contract acquisition cost

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition cost.

2.29 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 13 below.

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

2 Summary of significant accounting policies (continued)

2.29 Interest income (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 13 below. Any other interest income is included in other income.

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

2.30 Dividend income

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

2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.32 Leases

As explained in Note 2.1.1 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 3.

Until the 2018 financial year, leases of property, plant and equipment and investment properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

2 Summary of significant accounting policies (continued)

2.32 Leases (continued)

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the entity, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

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

Right-of-use assets that meet the definition of investment property are measured at fair value applying the fair value model.

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

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

2 Summary of significant accounting policies (continued)

2.32 Leases (continued)

Right-of-use assets which do not meet the definition of investment property are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.33 Dividend distribution

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

3. Changes in accounting policy

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

As indicated in Note 2.1.1 above, the Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.32.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.21%.

3. Changes in accounting policy (continued)

(i) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(ii) Measurement of lease liabilities

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	261,675
Less: Short-term leases recognised on a straight-line basis as expense	(7,356)
	254,319
Discounted using the lessee's incremental borrowing rate of the date of initial application, representing additional lease liabilities recognised as at 1 January 2019	182,486
Of which are:	
Current lease liabilities	21,670
Non-current lease liabilities	160,816
	182,486

3. Changes in accounting policy (continued)

(iii) Measurement of right-of-use assets

Right-of-use assets together with leasehold improvements leased out as long-term rental apartment were classified as investment properties and carried at fair value. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized included in property, plant and equipment as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets related to the following types of assets:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Investment properties	90,600	209,656
Office properties	35,255	30,954
	125,855	240,610

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

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Consolidated balance sheet (extract)

	31 December 2018 (As previously stated) RMB'000	Adjustments under HKFRS 16 RMB'000	1 January 2019 (Restated) RMB'000
Non-current assets			
Property, plant and equipment	71,427	(1,359)	70,068
Investment properties	7,154,272	209,656	7,363,928
Current assets			
Trade and other receivables and prepayments	6,099,232	(20,896)	6,078,336
Non-current liabilities			
Lease liabilities	–	160,816	160,816
Deferred income tax liabilities	1,321,233	1,229	1,322,462
Current liabilities			
Lease liabilities	–	21,670	21,670
Equity			
Retained earnings	2,735,739	3,686	2,739,425

3. Changes in accounting policy (continued)

(v) Lessor accounting

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

(vi) Accounting policies applied until 31 December 2018

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain car parks. Leases of car parks where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to the consolidation income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

4.1 Market risk

(a) Foreign exchange risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. The Company and all of its subsidiaries' functional currency is RMB, accordingly cash and borrowings denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD") are subject to foreign exchange risk.

Fluctuation of the exchange rates for HKD and USD against RMB will affect the Group's result of operations. The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

As at 31 December 2019, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2019 would have been lower/higher by RMB12,137,000 (2018: post-tax profit lower/higher by RMB800,000), mainly as a result of foreign exchange loss/gain from trade and other receivables and prepayments and bank deposits net off trade and other payables and bank borrowings denominated in HKD.

As at 31 December 2019, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2019 would have been higher/lower by RMB295,238,000 (2018: post-tax profit higher/lower by RMB213,381,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

4 Financial risk management (continued)

4.1 Market risk (continued)

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with stable interest rates, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 20.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2019 and 2018, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2019 and 2018 would have changed as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**(2,477)**	(525)
– 50 basis points lower	**2,477**	525
Capitalised interest increase/(decrease)		
– 50 basis points higher	**10,610**	8,895
– 50 basis points lower	**(10,610)**	(8,895)

4 Financial risk management (continued)

4.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

(a) Cash in banks

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

(b) Trade receivables

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

4 Financial risk management (continued)

4.2 Credit risk (continued)

(b) Trade receivables (continued)

As at 31 December 2019 and 31 December 2018, on that basis, the loss allowance was determined as follows for trade receivables:

31 December 2018	Current RMB'000	More than 90 days past due RMB'000	More than 180 days past due RMB'000	Within 1 year RMB'000	Total RMB'000
Expected loss rate	0.22%	1.20%	7.65%	1%	
Gross carrying amount	90,387	5,370	8,223	33,607	137,587
Loss allowance	(202)	(65)	(629)	(336)	(1,232)
Accounts receivables-net	90,185	5,305	7,594	33,271	136,355

31 December 2019	**Current RMB'000**	**More than 90 days past due RMB'000**	**More than 180 days past due RMB'000**	**Within 1 year RMB'000**	**More than 1 year past due RMB'000**	**Total RMB'000**
Expected loss rate	**0.16%**	**0.87%**	**7.65%**	**3.79%**	**10.34%**	
Gross carrying amount	**506,480**	**5,902**	**3,566**	**106,982**	**29,735**	**652,665**
Loss allowance	**(788)**	**(52)**	**(273)**	**(4,059)**	**(3,074)**	**(8,246)**
Accounts receivables-net	**505,692**	**5,850**	**3,293**	**102,923**	**26,661**	**644,419**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the year ended 31 December 2019.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

4 Financial risk management (continued)

4.2 Credit risk (continued)

(c) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

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

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

4 Financial risk management (continued)

4.2 Credit risk (continued)

(c) Other receivables (continued)

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

	Receivables from government related bodies RMB'000	**Due from related parties RMB'000**	**Receivables from third parties other than government related bodies RMB'000**	**Total RMB'000**
As at 31 December 2018				
Carrying amount of other receivables	**387,628**	**2,073,973**	**1,927,868**	**4,389,469**
Expected credit loss rate	**0.10%**	**0.35%**	**2.14%**	
Loss allowance	**(388)**	**(7,163)**	**(41,229)**	**(48,780)**
Other receivables – net	**387,240**	**2,066,810**	**1,886,639**	**4,340,689**

	Receivables from government related bodies RMB'000	Due from related parties RMB'000	Receivables from third parties other than government related bodies RMB'000	Total RMB'000
As at 31 December 2019				
Carrying amount of other receivables	219,017	2,346,220	3,293,441	5,858,678
Expected credit loss rate	0.10%	0.31%	1.18%	
Loss allowance	(219)	(7,207)	(38,915)	(46,341)
Other receivables – net	218,798	2,339,013	3,254,526	5,812,337

4 Financial risk management (continued)

4.2 Credit risk (continued)

(c) Other receivables (continued)

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2019.

(d) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

4 Financial risk management (continued)

4.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivatives financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	1 and 2 years RMB'000	2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2019					
Borrowings, principal (Note 20)	**9,398,013**	**5,916,425**	**3,168,298**	**522,575**	**19,005,311**
Interest payments on borrowings (note)	**1,187,501**	**637,430**	**452,342**	**353,908**	**2,631,181**
Trade and other payables	**14,166,938**	**–**	**–**	**–**	**14,166,938**
Amounts due to non-controlling interests of subsidiaries (Note 23)	**896,011**	**–**	**–**	**–**	**896,011**
Lease liabilities	**20,853**	**29,780**	**75,295**	**95,067**	**220,995**
Derivative financial instruments (Note 21)	**–**	**46,911**	**–**	**–**	**46,911**
Financial guarantees (Note 38)	**5,021,078**	**736,000**	**90,000**	**–**	**5,847,078**
	30,690,394	**7,366,546**	**3,785,935**	**971,550**	**42,814,425**
As at 31 December 2018					
Borrowings, principal (Note 20)	6,683,404	7,126,294	3,923,218	967,847	18,700,763
Interest payments on borrowings (note)	1,282,900	720,051	334,589	333,976	2,671,516
Trade and other payables	13,333,401	–	–	–	13,333,401
Amounts due to non-controlling interests of subsidiaries (Note 23)	377,894	–	–	–	377,894
Financial liabilities for put options written on non-controlling interests (Note 21)	15,485	–	–	–	15,485
Financial guarantees (Note 38)	3,862,016	739,500	190,950	–	4,792,466
	25,555,100	8,585,845	4,448,757	1,301,823	39,891,525

note: The interest on borrowings is calculated based on borrowings held as at 31 December 2019 and 2018, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2019 and 2018, respectively.

4 Financial risk management (continued)

4.4 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

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

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Borrowings	**19,005,311**	18,700,763
Less: Cash and cash equivalents	**(10,683,523)**	(11,715,378)
Restricted cash deposits pledged for borrowings	**(2,340,146)**	(895,400)
Net debt	**5,981,642**	6,089,985
Total equity	**9,106,750**	8,813,147
Total capital	**15,088,392**	14,903,132
Gearing ratio	**40%**	41%

4.5 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2019 and 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4 Financial risk management (continued)

4.5 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019 and 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
31 December 2018	64,867	–	579,294	644,161
Financial assets at fair value through other comprehensive income				
31 December 2018	–	–	472,104	472,104

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss				
31 December 2019	**22,347**	**–**	**1,576,490**	**1,598,837**
Financial assets at fair value through other comprehensive income				
31 December 2019	**–**	**–**	**546,939**	**546,939**
Derivative financial instruments				
31 December 2019	**–**	**–**	**39,420**	**39,420**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The instrument is included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Other than certain financial assets at fair value through profit or loss at 31 December 2019 and 31 December 2018 traded in the market and therefore measured at fair value by level 1, the Group's other financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as at 31 December 2019 and 31 December 2018 and derivative financial instruments as at 31 December 2019 are measured at fair value by level 3. There were no changes in valuation techniques during the year. The changes in the value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss during the period are presented in Note 13. The changes in the value of derivative financial instruments are presented in Note 21.

5 Critical accounting estimates and judgements

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

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

5.1 Classification as subsidiary, joint venture and associate

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies, etc. Because of the complexity of the arrangements, significant judgement is needed in determining whether the project company is a subsidiary, joint venture or associate of the Group.

The Group makes judgement based on the substance of the arrangements and the definition of a subsidiary, joint venture and associate as disclosed in Notes 2.2, 2.3 and 2.4 respectively.

5.2 Provision for write-down of properties held or under development for sale

The management makes provision for write-down of properties held or under development for sale based on the estimate of the net realisable values of the properties. Given the volatility of the property market in the PRC, the actual net realisable value may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

5.3 Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 8.

5.4 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

5 Critical accounting estimates and judgements (continued)

5.5 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

5.6 Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

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

5.7 Fair value of derivative financial instrument

The Group assesses the fair value of the embedded derivatives in respect of the floating premiums in the trust loans related derivatives and derivative financial instrument arising from certain put option associated with joint venture agreements based on valuations determined by independent professional qualified valuers, which is estimated by using the discounted cash flow method. The discounted cash flow projections are based on reliable discounted estimates of future cash flows, derived from operation data of the projects such as volatility, property selling prices, net profit and property development plan of the projects estimated by management, and in case of put option, probability-weighted average of floating premium as at the exit date agreed.

Where the actual future operation data and property development plan varies, a material adjustment on the fair value of these derivative financial instruments may arise. When estimating the fair value of these derivative financial instruments with reference to the valuation report, management has exercised its judgment and is satisfied that the methods of valuation are reflective of its best estimation.

5.8 Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

The fair value of of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques or net asset value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5 Critical accounting estimates and judgements (continued)

5.9 Impairment of trade receivables and other receivables

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

5.10 Revenue recognition

The Group develops and sells residential and commercial properties in different locations. Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary.

6 Segment information

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the "CODM") for the purposes of allocating resources and assessing performance.

Following the shift in focus to office and apartment platform business by the Group during the second half year of 2018, the previous presentation of segment information based on the property development segment and property investment segment is no longer consider appropriate. The new reporting segment are as follows:

- Property development platform engages in real estate development in the PRC; and
- Office and apartment platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

6 Segment information (continued)

The three new operating segments are consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the above reportable segments.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

	Year ended 31 December 2019					
	Property development platform RMB'000	Office and apartment platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	12,421,047	177,686	856,865	13,455,598	(170,471)	13,285,127
Segment profit before income tax expense	1,705,557	219,752	200,770	2,126,079	23,797	2,149,876
Finance income	88,171	31,262	142,074	261,507	–	261,507
Finance costs	(418,608)	(47,780)	(83,454)	(549,842)	22,855	(526,987)
Share of results of joint ventures	(14,804)	185,274	(61)	170,409	–	170,409
Share of results of associates	175,568	–	(3,420)	172,148	–	172,148
Depreciation and amortisation	(18,837)	(2,378)	(4,741)	(25,956)	–	(25,956)
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						2,149,876
Income tax expense						(864,866)
Profit for the year						1,285,010
Segment assets	60,387,536	7,190,836	18,147,370	85,725,742	(33,362,553)	52,363,189
Segment assets include:						
Investments in joint ventures	429,611	582,102	331	1,012,044	–	1,012,044
Investments in associates	1,748,470	–	86,439	1,834,909	–	1,834,909
Additions to non-current assets (other than financial instruments and deferred income tax assets)	666,969	349,919	5,545	1,022,433	–	1,022,433
Segment liabilities	52,388,826	5,831,372	18,028,849	76,249,047	(32,992,608)	43,256,439

6 Segment information (continued)

	Year ended 31 December 2018					
	Property development platform RMB'000	Office and apartment platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	10,629,933	84,817	742,664	11,457,414	(189,211)	11,268,203
Segment profit before income tax expense	1,766,893	192,712	66,118	2,025,723	14,700	2,040,423
Finance income	34,021	129	19,193	53,343	–	53,343
Finance costs	(314,621)	(31,297)	(8,216)	(354,134)	16,484	(337,650)
Share of results of joint ventures	(47,324)	–	–	(47,324)	–	(47,324)
Share of results of associates	158,700	15,192	(1,505)	172,387	–	172,387
Depreciation and amortisation	(4,634)	(3,430)	(6,146)	(14,210)	–	(14,210)
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						2,040,423
Income tax expense						(737,532)
Profit for the year						1,302,891
Segment assets	54,648,239	2,972,632	28,234,958	85,855,829	(37,973,234)	47,882,595
Segment assets include:						
Investments in joint ventures	605,828	–	–	605,828	–	605,828
Investments in associates	574,448	–	9,110	583,558	–	583,558
Additions to non-current assets (other than financial instruments and deferred income tax assets)	257,061	2,205,039	45,184	2,507,284	–	2,507,284
Segment liabilities	46,160,906	2,063,760	25,126,942	73,351,608	(34,282,160)	39,069,448

7 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Office properties RMB'000	Total RMB'000
At 1 January 2019					
Cost	25,198	38,681	67,534	–	131,413
Accumulated depreciation	(17,688)	(19,628)	(22,670)	–	(59,986)
Net book amount	7,510	19,053	44,864	–	71,427
Year ended 31 December 2019					
Opening net book amount	7,510	19,053	44,864	–	71,427
Adjustment for changes in accounting policies (Note 3)	–	–	(32,313)	30,954	(1,359)
Restated opening net book amount	7,510	19,053	12,551	30,954	70,068
Other additions	900	3,639	2,193	4,301	11,033
Reduction from disposal of subsidiaries	–	(407)	(461)	–	(868)
Other disposals	(442)	(214)	(59)	–	(715)
Depreciation charge (Note 28)	(2,335)	(4,074)	(3,109)	(15,161)	(24,679)
Closing net book amount	5,633	17,997	11,115	20,094	54,839
At 31 December 2019					
Cost	23,836	40,749	35,868	35,255	135,708
Accumulated depreciation	(18,203)	(22,752)	(24,753)	(15,161)	(80,869)
Net book amount	5,633	17,997	11,115	20,094	54,839

7 Property, plant and equipment (continued)

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2018				
Cost	25,122	35,705	44,138	104,965
Accumulated depreciation	(16,268)	(16,262)	(17,542)	(50,072)
Net book amount	8,854	19,443	26,596	54,893
Year ended 31 December 2018				
Opening net book amount	8,854	19,443	26,596	54,893
Addition from acquisitions of subsidiaries	–	219	2	221
Other additions	2,275	4,015	24,522	30,812
Other disposals	(904)	(170)	(585)	(1,659)
Depreciation charge (Note 28)	(2,715)	(4,454)	(5,671)	(12,840)
Closing net book amount	7,510	19,053	44,864	71,427
At 31 December 2018				
Cost	25,198	38,681	67,534	131,413
Accumulated depreciation	(17,688)	(19,628)	(22,670)	(59,986)
Net book amount	7,510	19,053	44,864	71,427

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2019 and 2018.

7 Property, plant and equipment (continued)

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

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2019 RMB'000	1 January 2019 * RMB'000
Right-of-use assets		
– Office properties	**35,255**	30,954
Investment properties (Note 8)	**90,600**	209,656
	125,855	240,610
Lease liabilities		
Current	**20,853**	21,670
Non-current	**148,124**	160,816
	168,977	182,486

* For adjustments recognised on adoption of HKFRS 16 on 1 January 2019, please refer to Note 3.

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	For the year ended 31 December 2019 RMB'000
Depreciation charge of right-of-use assets	
– Office properties	**(15,161)**
Interest expense (included in finance costs – Note 29)	**(14,549)**
Expense relating to short-term leases (included in administrative expenses and selling and marketing costs – Note 28)	**(12,160)**

The total cash outflow for leases for the year ended 31 December 2019 was RMB37,915,000.

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

The Group leases various offices and apartments. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

8 Investment properties

	Investment properties under office and apartment platform RMB'000	Investment properties under other platforms RMB'000	Total RMB'000
Year ended 31 December 2019			
Opening balance	**5,339,000**	**1,815,272**	**7,154,272**
Adjustment for changes in accounting policies (Note 3)	**209,656**	**–**	**209,656**
Restated opening net book amount	**5,548,656**	**1,815,272**	**7,363,928**
Transfer to completed properties	**–**	**(894,000)**	**(894,000)**
Additions from acquisition of subsidiaries	**100,212**	**–**	**100,212**
Other additions	**21,637**	**–**	**21,637**
Subsequent expenditures capitalised	**136,201**	**–**	**136,201**
Depreciation of investment properties under office and apartment platform	**(21,474)**	**–**	**(21,474)**
Fair value gains on investment properties under other platforms	**–**	**96,022**	**96,022**
Disposals (a)	**(364,832)**	**(89,522)**	**(454,354)**
Ending balance	**5,420,400**	**927,772**	**6,348,172**
Year ended 31 December 2018			
Opening balance	3,417,200	2,365,772	5,782,972
Transfer from properties held for sale	6,310	1,382	7,692
Additions from acquisition of subsidiaries	909,373	–	909,373
Other additions	536,949	–	536,949
Subsequent expenditures capitalised	86,353	–	86,353
Gains arising from appreciation of investment properties under office and apartment platform	388,051	–	388,051
Fair value losses on investment properties under other platforms	–	54,708	54,708
Disposals	(5,236)	(606,590)	(611,826)
Ending balance	5,339,000	1,815,272	7,154,272

8 Investment properties (continued)

note:

(a) The Group derecognised a right-of-use assets of investment properties of RMB118,832,000 located in Shanghai during the year ended 31 December 2019. Such was netting off with the amounts of leasing investment receivables as the finance lease of lessor.

Beijing San Quan Apartments, investment properties located in Beijing amounting to RMB1,790,000,000 as at 31 December 2019, is held by the Group, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties.

Independent valuations of the Group's investment properties were performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2019 and 2018. The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31 December 2019 using		
Description	**Quoted prices in active markets for identical assets (Level 1) RMB'000**	**Significant other observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	**–**	**–**	**1,613,000**
– Office and car parks	**–**	**–**	**1,266,000**
– Service apartment and car parks	**–**	**–**	**3,469,172**
	–	**–**	**6,348,172**

	Fair value measurements at 31 December 2018 using		
Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	1,597,500
– Office and car parks	–	–	1,229,300
– Service apartment and car parks	–	–	4,327,472
	–	–	7,154,272

8 Investment properties (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

Valuation processes of the Group

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

The Group's finance team will review the valuation performed by the valuers, including:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report;
- holds discussions with independent valuers.

Valuation techniques

The Group has fifteen investment properties as at 31 December 2019 (31 December 2018: sixteen), among which nine properties are located in Shanghai, the PRC; two properties are located in Jiangsu Province, the PRC; one property is located in Zhejiang Province, the PRC; and three properties are located in Beijing, the PRC, all of which were completed as at 31 December 2019.

The Group also has three right-of-use assets of investment properties which are located in Shanghai and Zhejiang Province under office and apartment platform as at 31 December 2019.

The valuation of completed retail properties and office buildings, service apartments and car parks were determined using a combination of the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties and direct comparison approach by making reference to comparable sales transaction as available in the relevant market. For those investment properties with signed sales contract, the valuation were determined using the actual selling price.

The valuation of service apartments under renovation were determined using combination of the discounted cash flows with estimated renovation costs to complete approach and direct comparison approach by making reference to comparable sales transactions as available in the relevant market with incurred renovation costs.

The valuation of right-of-use assets of investment properties were determined using the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

There were no changes to the valuation techniques during the year.

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2019 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Office buildings and car park	1,266,000 (2018: 1,229,300)	Income capitalisation approach	Term yield (a)	Term yield of 4%~4.5% (31 December 2018: 4%~4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.5%~5% (31 December 2018: 4.5%~5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB208~RMB460 (31 December 2018: RMB208~RMB450) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB41,377~RMB93,421 (31 December 2018: RMB39,625~RMB90,446) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2019 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Service apartment and car parks	3,247,572 (2018: 3,713,172)	Income capitalisation approach	Term yield (a)	Term yield of 2.5%~4.5% (31 December 2018: 2%~4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 2.5%~5% (31 December 2018: 2.5%~5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB163~RMB452 (31 December 2018: RMB171~ RMB464) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB34,843~RMB89,895 (31 December 2018: RMB34,303~RMB89,300) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2019 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Service apartment under renovation	131,000 (2018: 614,300)	Direct comparison approach	Adjusted recent prices of similar properties (a)	RMB28,800~RMB30,000 (31 December 2018: RMB15,957~RMB37,283) per square meter.	The higher the unit price, the higher the fair value
		Discounted cash flows with estimated costs to complete	Market unit rent of individual unit (b)	RMB2,500~RMB4,600 (31 December 2018: RMB3,091~RMB6,702) per room per month.	The higher the market prices,the higher the fair value
			Estimated renovation costs to be incurred (c)	RMB5,840 (31 December 2018: RMB1,590~RMB3,266) per square meter.	The higher the estimated costs to be incurred, the lower the fair value
			Capitalisation rate (d)	4.35% (31 December 2018: 5.5%~6%).	The higher the capitalisation rate, the lower the fair value
			Estimated profit margin required to renovate property to completion	3% (31 December 2018: 3%) of total estimated renovation costs.	The higher the profit margin required, the lower the fair value.

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2019 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Retail Property	1,613,000 (2018: 1,597,500)	Income capitalisation approach	Term yield (a)	Term yield of 3.75%~5% (31 December 2018: 3.75%~6%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.25%~5.5% (31 December 2018: 4.25%~6.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB70~RMB451 (31 December 2018: RMB70~RMB417) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB15,650~RMB64,935 (31 December 2018: RMB15,440~RMB64,200) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2019 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Right-of-use assets of investment properties	90,600 (2018: Nil)	Income capitalisation approach	Term yield (a)	Term yield of 4%~5%.	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.5%~5.5%.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB70~RMB90 per square meter per month.	The higher the market unit rent, the higher the fair value

(a) For term yield, the Group has taken into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.

(b) For reversionary rate, the Group has taken into account of annual unit market rental income and unit market value of the comparable properties.

(c) For market unit rent of individual unit, the Group used direct market comparable and has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(d) For adjusted recent prices of similar properties, the Group has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(e) The rental income from investment properties has been recognised in the consolidated financial statements:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Rental income	**202,287**	108,516

8 Investment properties (continued)

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
In the PRC, held on:		
Right-of-use assets of investment properties with original lease term of less than 11 years	**90,600**	–
Leases with original term of 70 years (and remaining unexpired period between 10 to 70 years)	**2,543,000**	2,513,000
Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years)	**3,714,572**	4,641,272
	6,348,172	7,154,272

Investment properties with a total carrying amount of RMB5,243,553,000 and RMB6,627,772,000 at 31 December 2019 and 2018 respectively were pledged as collateral for the Group's borrowings (Note 20).

9 Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019				
Cost	**26,168**	**10,631**	**1,047**	**37,846**
Accumulated amortisation	**(26,168)**	**(8,751)**	**(82)**	**(35,001)**
Net book amount	**–**	**1,880**	**965**	**2,845**
Year ended 31 December 2019				
Opening net book amount	**–**	**1,880**	**965**	**2,845**
Additions	**–**	**1,619**	**–**	**1,619**
Amortisation charge (Note 28)	**–**	**(1,237)**	**(40)**	**(1,277)**
Reduction from disposal of subsidiaries		**(391)**	**–**	**(391)**
Closing net book amount	**–**	**1,871**	**925**	**2,796**
At 31 December 2019				
Cost	**26,168**	**12,252**	**1,047**	**39,467**
Accumulated amortisation	**(26,168)**	**(10,381)**	**(122)**	**(36,671)**
Net book amount	**–**	**1,871**	**925**	**2,796**
Year ended 31 December 2018				
Opening net book amount	7,406	2,328	965	10,699
Additions	–	922	–	922
Amortisation charge (Note 28)	–	(1,370)	–	(1,370)
Impairment	(7,406)	–	–	(7,406)
Closing net book amount	–	1,880	965	2,845
At 31 December 2018				
Cost	26,168	10,631	1,047	37,846
Accumulated amortisation	(26,168)	(8,751)	(82)	(35,001)
Net book amount	–	1,880	965	2,845

note:

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2019 and 2018.

The recoverable amounts of CGUs are determined based on their fair values (less cost of sell). The fair value of property development CGUs are determined according to the value of the underlying properties and decrease along with the sales of underlying properties, and the attributable goodwill is written off accordingly in cost of sales in the consolidated income statement. The fair value of investment properties CGU are determined according to the value of the underlying investment properties and decrease along with the increase of the fair value gains on investment properties and attributable goodwill is written off accordingly in administrative expenses in the consolidated income statement.

10 Investments in joint ventures

	Year ended 31 December 2019 RMB'000	2018 RMB'000
At beginning of the year	**605,828**	257,330
Additions (a), (d)	**549,141**	423,310
Transfer from a subsidiary(e)	**391**	–
Disposal (b), (c)	**(1,649)**	–
Change from joint ventures to subsidiaries (f), (g), (h)	**(291,196)**	(23,396)
Share of results	**170,409**	(47,324)
Unrealised profit in connection with the transaction between the Group and joint ventures	**(20,880)**	(4,092)
At end of the year	**1,012,044**	605,828

The particulars of the joint ventures of the Group, which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2019	2018	Principal activities
Nanjing Caicheng Property Co., Ltd. ("Nanjing Caicheng") (i)	18 July 2017, Jiangsu, the PRC	RMB50,000,000	**65%**	65%	Property development
Hangzhou Xiaoying Real Estate Development Co., Ltd. ("Hangzhou Xiaoying") (became a subsidiary in 2019) (f)	13 January 2011, Zhejiang, the PRC	RMB30,000,000	**50%**	50%	Property development
Suzhou Lingrui Property Co., Ltd. ("Suzhou Lingrui")	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development

10 Investments in joint ventures (continued)

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2019	2018	Principal activities
Suzhou Chengrui Property Co., Ltd. ("Suzhou Chengrui")	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development
Tianjing Yuanming Property Co., Ltd. ("Tianjin Yuanming")	9 October 2016, Tianjin, the PRC	Nil	**20%**	20%	Investment holding
Changshu Zhicheng Property Development Co., Ltd. ("Changshu Zhicheng")	8 May 2017, Jiangsu, the PRC	RMB80,000,000	**25%**	25%	Property development
Shanghai Jupan Apartment Management Co., Ltd. ("Shanghai Jupan") (b)	1 November 2016, Shanghai, the PRC	RMB1,000,000	**–**	50%	Apartment management
Tianjin Xinbi Property Development Co., Ltd. ("Tianjin Xinbi") (a), (c)	27 November 2017, Tianjin, the PRC	RMB10,000,000	**–**	20%	Property development
Tianjin Junyou Property Information Consultancy Co., Ltd. ("Tianjin Junyou") (a)	31 January 2018, Tianjin, the PRC	RMB1,000,000	**33%**	16.5%	Property development
Tianjin Ruiyue Commercial Management Co., Ltd. ("Tianjin Ruiyue") (became a subsidiary in 2019) (a), (g)	2 April 2018, Tianjin, the PRC	RMB169,280,000	**100%**	50%	Investment holding
Nanjing Shansheng Property Development Co., Ltd. ("Nanjing Shansheng") (a)	21 August 2018, Jiangsu, the PRC	RMB900,000,000	**19.75%**	19.75%	Property development
Changshu Junchun Trading Co., Ltd. ("Changshu Junchun") (a)	4 September 2018, Jiangsu, the PRC	RMB300,000,000	**33%**	33%	Investment holding
Ningbo Puhong Investment Management LLP ("Ningbo Puhong") (d)	11 May 2018, Zhejiang, the PRC	RMB650,000,000	**46.17%**	–	Investment holding
Shanghai Weishu Information & Technology Co., Ltd. ("Shanghai Weishu") (e)	11 November 2015, Shanghai, the PRC	RMB2,240,000	**33%**	70%	Information Technology
Tianjin Shunhe Decoration Engineering Co., Ltd.	28 September 2018, Tianjin, the PRC	Nil	**33%**	–	Customised decoration

10 Investments in joint ventures (continued)

notes:

(a) During 2019, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Tianjin Junyou, Tianjin Ruiyue and Nanjing Shansheng. The total addition of investments in joint ventures amounted to approximately RMB152,313,000.

During 2018, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Tianjin Xinbi, Tianjin Junyou, Tianjin Ruiyue, Nanjing Shansheng, and Changshu Junchun. The total addition of investments in joint ventures amounted to approximately RMB386,383,000.

(b) In June 2019, the Group disposed its total equity interests in Shanghai Jupan with a consideration of RMB1,500,000. The Group recognised a gain from disposal of Shanghai Jupan amounting to RMB1,500,000.

(c) In January 2019, the Group disposed its total equity interests in Tianjin Xinbi with a consideration of RMB2,000,000. The Group recognised a gain from disposal of Tianjin Xinbi amounting to RMB351,000.

(d) In February 2019, the Group acquired 46% equity interests of Ningbo Puhong which indirectly held a property investment company in Shanghai, the PRC, at a total consideration of RMB301,000,000 from a third party seller, and accounted for Ningbo Puhong as a joint venture. Gain on bargain purchase of RMB90,428,000 arising from this acquisition was recognised and recorded as other income (Note 26).

(e) In July 2019, the Group withdrew the capital investment in its subsidiary Shanghai Weishu at a total consideration of RMB3,090,000 pursuant to the resolution reached in the shareholder meeting of Shanghai Weishu in June 2019. Since then, Shanghai Weishu was held as to 33% by the Group and became a joint venture of the Group.

(f) Hangzhou Xiaoying was held as to 50% and 50% by the Group through its wholly owned subsidiary Hangzhou Jingxiao Investment Management Co., Ltd. ("Hangzhou Jingxiao") and the other joint venture partner Hangzhou Shunguang Real Estate Development Co., Ltd. ("Hangzhou Shunguang"). In November 2019, Hangzhou Jingxiao entered into a shareholder resolution with Hangzhou Shunguang. Pursuant to the resolution, Hangzhou Shunguang follows Hangzhou Jingxiao on all substantive decision on the operating and financing policies after the resolution during the life of Hangzhou Xiaoying. Since then, the directors of the Company consider that the Group has effective control over Hangzhou Xiaoying, and Hangzhou Xiaoying became a non-wholly owned subsidiary of the Group.

(g) In July 2019, the Group acquired the 50% equity interests of Tianjin Ruiyue held by the other joint venture partner at a total consideration of RMB184,739,000. Since then, Tianjin Ruiyue became a wholly owned subsidiary of the Group.

Tianjin Ruiyue holds 49% equity interests in an associate company Yangling Guanghui (Tianjin) Real Estate Development Co., Ltd., ("Yangling Guanghui") (Note 11).

(h) In June 2018, Jingrui Properties (Group) Co., Ltd. ("Jingrui Properties"), a wholly owned subsidiary of the Group, entered into a share purchase agreement with a joint venture partner, Shandong International Trust Co., Ltd. ("Shandong Trust"), pursuant to which Jingrui Properties acquired 49% equity interests of Shanghai Ruice Investment Co., Ltd. ("Shanghai Ruice"), a joint venture of the Group which directly held a property project company, Hangzhou Jingcheng Property Co., Ltd. ("Hangzhou Jingcheng") in Zhejiang Province, the PRC, at a consideration of RMB199,000,000.

Completion of the share purchase agreement took place on 29 June 2018 and Shanghai Ruice and Hangzhou Jingcheng became wholly owned subsidiaries of the Group since then.

(i) The Group and Shanghai Xuchang Enterprise Management Center (Limited Partnership) ("Xuchang Enterprise") held 60% and 40% equity interests of a joint venture Nanjing Caicheng, respectively. In February 2018, the Group entered into a supplementary agreement with Xuchang Enterprise, pursuant to which the two parties agreed that Nanjing Caicheng will be held as to 50% by Xuchang Enterprise and Nantong Jingrui Property Co., Ltd. ("Nantong Jingrui ") respectively upon completion with a total capital contribution of RMB100,000,000. Accordingly, additional RMB20,000,000 has been injected into Nanjing Caicheng by Nantong Jingrui. In addition, Ningbo Meishan Free Trade Port Jingxiao Investment Co., Ltd., another wholly owned subsidiary of the Group, agreed to acquire 30% equity interests of Xuchang Enterprise at a consideration of RMB16,927,000 and therefore indirectly held another 15% equity interests in Nanjing Caicheng. In accordance with the memorandum and articles of Nanjing Caicheng, relevant activities of Nanjing Caicheng require the unanimous consent of all directors, Nanjing Caicheng remains as the joint venture of the Group.

10 Investments in joint ventures (continued)

Summarised financial information for material joint ventures

Set out below are the summarised financial information for Hangzhou Xiaoying, Tianjin Ruiyue, Nanjing Shansheng, Changshu Junchun and Ningbo Puhong which are accounted for using the equity method.

Summarised balance sheet

	Hangzhou Xiaoying As at 31 December 2018 RMB'000
Current	
Assets	2,636,170
Liabilities	(2,493,579)
Total current net assets	142,591
Non-current	
Assets	88,411
Liabilities	–
Total non-current net assets	88,411
Net assets	231,002

	Tianjin Ruiyue As at 31 December 2018 RMB'000	**Nanjing Shansheng** **As at 31 December** **2019** **RMB'000**	 2018 RMB'000
Current			
Assets	603,682	**2,833,817**	1,245,397
Liabilities	(881,971)	**(1,541,168)**	(365,654)
Total current net (liabilities)/assets	(278,289)	**1,292,649**	879,743
Non-current			
Assets	298,877	**15,427**	5,406
Liabilities	–	**(450,000)**	–
Total non-current net assets/(liabilities)	298,877	**(434,573)**	5,406
Net assets	20,588	**858,076**	885,149

10 Investments in joint ventures (continued)

Summarised balance sheet (continued)

	Changshu Junchun As at 31 December 2019 RMB'000	Changshu Junchun As at 31 December 2018 RMB'000
Current		
Assets	**8,191,991**	4,405,294
Liabilities	**(5,968,540)**	(1,992,089)
Total current net assets	**2,223,451**	2,413,205
Non-current		
Assets	**101,404**	13,394
Liabilities	**(1,900,000)**	(1,900,000)
Total non-current net liabilities	**(1,798,596)**	(1,886,606)
Net assets	**424,855**	526,599

	Ninbo Puhong As at 31 December 2019 RMB'000
Current	
Assets	**1,875,034**
Liabilities	**(2,450,602)**
Total current net liabilities	**(575,568)**
Non-current	
Assets	**3,750,013**
Liabilities	**(1,913,546)**
Total non-current net assets	**1,836,467**
Net assets	**1,260,899**

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income

	Hangzhou Xiaoying	
	For the period from 1 January 2019 to 26 November 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	**–**	–
Profit/(loss) before income tax	**37,801**	(19,753)
Income tax credit	**8,687**	–
Post-tax profit/(loss)	**46,488**	(19,753)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**46,488**	(19,753)
Dividends received from joint ventures	**–**	–

	Tianjin Ruiyue		Nanjing Shansheng	
	For the period from 1 January 2019 to 9 July 2019 RMB'000	For the period from 9 October 2018 to 31 December 2018 RMB'000	**Year ended 31 December 2019 RMB'000**	For the period from 21 August 2018 to 31 December 2018 RMB'000
Revenue	**–**	–	**–**	–
Loss before income tax	**(17,126)**	(17,972)	**(40,395)**	(21,313)
Income tax credit	**–**	–	**10,099**	5,328
Post-tax loss	**(17,126)**	(17,972)	**(30,296)**	(15,985)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(17,126)**	(17,972)	**(30,296)**	(15,985)
Dividends received from joint ventures	**–**	–	**–**	–

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

	Changsju Junchun Year ended 31 December 2019 RMB'000	For the period from 21 September 2018 to 31 December 2018 RMB'000
Revenue	**277,889**	120,320
Loss before income tax	**(135,729)**	(53,168)
Income tax credit	**33,985**	13,204
Post-tax loss	**(101,744)**	(39,964)
Other comprehensive income	**–**	–
Total comprehensive loss	**(101,744)**	(39,964)
Dividends received from joint ventures	**–**	–

	Ninbo Puhong For the period from 1 February 2019 to 31 December 2019 RMB'000
Revenue	**–**
Profit before income tax	**535,596**
Income tax expense	**(134,271)**
Post-tax profit	**401,325**
Other comprehensive income	**–**
Total comprehensive income	**401,325**
Dividends received from joint ventures	**–**

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

10 Investments in joint ventures (continued)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in joint ventures is as follows:

	Hangzhou Xiaoying	
	For the period from 1 January 2019 to 26 November 2019 RMB'000	2018 RMB'000
Opening net assets	**231,002**	250,755
Profit/(loss) for the relevant period/year	**46,488**	(19,753)
Other comprehensive income	**–**	–
Closing net assets	**277,490**	231,002
Dividends	**–**	–
Interests in joint ventures	**50%**	50%
	138,745	115,501
Change from a joint venture to a subsidiary	**(138,745)**	–
Carrying value	**–**	115,501

	Tianjin Ruiyue		Nanjing Shansheng	
	For the period from 1 January 2019 to 9 July 2019 RMB'000	For the period from 9 October 2018 to 31 December 2018 RMB'000	For the year ended 31 December 2019 RMB'000	For the period from 21 August 2018 to 31 December 2018 RMB'000
Opening net assets	**20,588**	–	**885,149**	–
Loss for the relevant period/year	**(17,126)**	(17,972)	**(30,296)**	(15,985)
Addition from shareholders	**301,440**	38,560	**3,223**	901,134
Closing net assets	**304,902**	20,588	**858,076**	885,149
Dividends	**–**	–	**–**	–
Interests in joint ventures	**50%**	50%	**19.75%**	19.75%
	152,451	10,294	**169,470**	174,817
Change from a joint venture to a subsidiary	**(152,451)**	–	**–**	–
Unrealised profit in connection with the transaction between the Group and a joint venture	**–**	–	**(20,740)**	(4,092)
Carrying value	**–**	10,294	**148,730**	170,725

10 Investments in joint ventures (continued)

	Changshu Junchun	
	2019 RMB'000	For the period from 21 September 2018 to 31 December 2018 RMB'000
Opening net assets	**526,599**	–
Addition	**–**	566,563
Loss for the relevant period/year	**(101,744)**	(39,964)
Closing net assets	**424,855**	526,599
Dividends	**–**	–
Interests in joint ventures	**33%**	33%
	140,202	173,778
Carrying value	**140,202**	173,778

	Ninbo Puhong For the period from 1 February 2019 to 31 December 2019 RMB'000
Opening net assets	**–**
Addition	**859,574**
Profit for the relevant period	**401,325**
Closing net assets	**1,260,899**
Dividends	**–**
Interests in joint ventures	**46.17%**
	582,102
Carrying value	**582,102**

The commitment relating to the Group's interests in joint ventures is presented in Note 37(b).

The contingent liabilities relating to the Group's interests in joint ventures is presented in Note 38.

11 Investments in Associates

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Opening balance	**583,558**	106,462
Additions (a), (Note 10(g))	**1,008,354**	354,861
Additions from deemed disposal of a subsidiary (b)	**80,750**	–
Disposal (c), (d)	**–**	(50,152)
Share of results	**172,148**	172,387
Unrealised profit in connection with the transaction between the Group and associates	**(9,901)**	–
Ending balance	**1,834,909**	583,558

11 Investments in Associates (continued)

The particulars of the associates of the Group, all of which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held as at 31 December 2019	% interests held as at 31 December 2018	Principal activities
Nanjing Yuning Property Co., Ltd. ("Nanjing Yuning")	5 December 2016, Jiangsu, the PRC	RMB60,000,000	**17%**	17%	Property Development
Ningbo Rongan Education and Investment Management Co., Ltd. ("Ningbo Rongan Education")	1 April 2016, Zhejiang, the PRC	RMB50,000,000	**25%**	25%	Investment Holding
Ningbo Jiamu Investment Co.,Ltd. ("Ningbo Jiamu")	4 August 2016, Zhejiang, the PRC	RMB5,000,000	**40%**	40%	Investment Holding
Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu")	2 December 2016, Zhejiang, the PRC	RMB600,000,000	**7%**	7%	Investment Holding
Tropica Development Limited ("Tropica Development")	31 August 2007, Hong Kong, the PRC	HKD100	**25%**	25%	Investment Holding
Lingtu Education Investment (Beijing) Co., Ltd. ("Lingtu Education")(a)	11 August 2016, Beijing, the PRC	RMB1,015,620	**20%**	20%	Technology Development
Shanghai Zhengmin Information Technology Co., Ltd. ("Shanghai Zhengmin")	28 February 2017, Shanghai, the PRC	Nil	**49%**	49%	Computer Information Technology Development
Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng") (a)	23 June 2017, Zhejiang, the PRC	RMB225,000,000	**50%**	50%	Property Development
Changshu Huihuang Property Co., Ltd. ("Changshu Huihuang") (a)	19 December 2006, Jiangsu, the PRC	RMB122,860,800	**24.56%**	24.56%	Property Development
Tianjin Xuming Property Co., Ltd. ("Tianjin Xuming") (a)	7 December 2015, Tianjin, the PRC	RMB170,000,000	**50%**	–	Property Development
Tianjin Ruihui Commercial Management Co., Ltd. ("Tianjin Ruihui") (a)	5 July 2018, Tianjin, the PRC	RMB375,000,000	**49%**	–	Investment Holding
Nanjing Yuesheng Real Estate Development Co., Ltd. ("Nanjing Yuesheng") (a)	23 July 2019, Jiangsu, the PRC	RMB1,500,000,000	**30%**	–	Property Development
Yangling Guanghui (Note 10(g)), (a)	10 August 2012, Tianjin, the PRC	RMB607,843,000	**49%**	–	Property Development
Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Pinzhai") (b)	17 July 2015, Shanghai, the PRC	RMB22,850,000	**32.3%**	34%	Customised decoration

11 Investments in Associates (continued)

Note:

(a) For the year ended 31 December 2019, certain subsidiaries of the Group further injected, or invested in certain associates, including Tianjin Xuming, Tianjin Ruihui, Nanjing Yuesheng and Yangling Guanghui. The total addition of investments in associates amounted to approximately RMB1,008,354,000.

For the year ended 31 December 2018, certain subsidiaries of the Group further injected, or invested in certain associates, including Changshu Huihuang, Ningbo Jingfeng and Lingtu Education. The total addition of investments in associates amounted to approximately RMB354,861,000.

(b) In August 2019, an independent third party injected capital contribution of RMB12,500,000 to Shanghai Pinzhai, a non-wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Shanghai Pinzhai. After the transaction, the Group lost the control of Shanghai Pinzhai and accounted for Shanghai Pinzhai as an associate, gains of RMB85,191,000 on re-measurement of the Group's original investment in Shanghai Pinzhai was recognised in the consolidated income statement as other gains (Note 27).

(c) In June 2018, the Group disposed total equity interests in Beijing Urban No. 1 Investment Center LLP with a consideration of RMB45,192,000 and recognised a gain from disposal of RMB719,000.

(d) In February and July 2018, the Group disposed 40% equity interests in total in Weifang Yuancheng Da Investment management Co., Ltd. with a consideration of RMB5,500,000. The Group recognised a loss from this disposal amounting to RMB179,000.

11 Investments in Associates (continued)

Summarised financial information for material associates

Set out below are the summarised financial information for Ningbo Jiamu, Ningbo Jingfeng, Nanjing Yuesheng, Yangling Guanghui and Shanghai Pinzhai which are accounted for using the equity method.

Summarised balance sheet

	Ningbo Jiamu	
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Current		
Assets	**1,782,617**	1,643,314
Liabilities	**(1,360,008)**	(1,231,469)
Total current net assets	**422,609**	411,845
Non-current		
Assets	**2**	2
Liabilities	**–**	–
Total non-current net assets	**2**	2
Net assets	**422,611**	411,847

	Ningbo Jingfeng	
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Current		
Assets	**1,087,220**	1,492,953
Liabilities	**(392,128)**	(975,404)
Total current net assets	**695,092**	517,549
Non-current		
Assets	**50**	14,264
Liabilities	**(289)**	(100,000)
Total non-current net liabilities	**(239)**	(85,736)
Net assets	**694,853**	431,813

11 Investments in Associates (continued)

Summarised balance sheet (continued)

	Nanjing Yuesheng As at 31 December 2019 RMB'000
Current	
Assets	3,102,449
Liabilities	(1,604,068)
Total current net assets	1,498,381
Non-current	
Assets	488
Liabilities	–
Total non-current net assets	488
Net assets	1,498,869

	Yangling Guanghui As at 31 December 2019 RMB'000	Shanghai Pinzhai As at 31 December 2019 RMB'000
Current		
Assets	2,392,251	412,960
Liabilities	(1,045,994)	(151,695)
Total current net assets	1,346,257	261,265
Non-current		
Assets	39,192	2,607
Liabilities	(800,000)	(24,000)
Total non-current net liabilities	(760,808)	(21,393)
Net assets	585,449	239,872

11 Investments in Associates (continued)

Summarised statement of comprehensive income

	Ningbo Jiamu	
	Year Ended 31 December 2019 RMB'000	Year Ended 31 December 2018 RMB'000
Revenue	**28,412**	1,469,728
Profit before income tax	**31,012**	747,009
Income tax expense	**(20,248)**	(328,957)
Post-tax profit	**10,764**	418,052
Other comprehensive income	**–**	–
Total comprehensive income	**10,764**	418,052
Dividends received from associates	**–**	–

	Ningbo Jingfeng	
	Year Ended 31 December 2019 RMB'000	Year Ended 31 December 2018 RMB'000
Revenue	**1,673,529**	–
Profit/(loss) before income tax	**392,193**	(22,213)
Income tax (expense)/credit	**(129,153)**	4,539
Post-tax profit/(loss)	**263,040**	(17,674)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**263,040**	(17,674)
Dividends received from associates	**–**	–

11 Investments in Associates (continued)

Summarised statement of comprehensive income (continued)

	Nanjing Yuesheng For the period from 15 August 2019 to 31 December 2019 RMB'000
Revenue	–
Loss before income tax	(1,727)
Income tax credit	432
Post-tax loss	(1,295)
Other comprehensive income	–
Total comprehensive loss	(1,295)
Dividends received from associates	–

	Yangling Guanghui For the period from 9 July 2019 to 31 December 2019 RMB'000	Shanghai Pinzhai For the period from 23 August 2019 to 31 December 2019 RMB'000
Revenue	–	62,742
Loss before income tax	(22,194)	(10,088)
Income tax credit/(expense)	16,713	(40)
Post-tax loss	(5,481)	(10,128)
Other comprehensive income	–	–
Total comprehensive loss	(5,481)	(10,128)
Dividends received from associates	–	–

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and not the Group's share of those amounts.

11 Investments in Associates (continued)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in associates is as follows:

	Ningbo Jiamu 2019 RMB'000	Ningbo Jiamu 2018 RMB'000
Opening net assets	**411,847**	(6,205)
Profit for the year	**10,764**	418,052
Other comprehensive income	**–**	–
Closing net assets	**422,611**	411,847
Dividends	**–**	–
Interests in associate	**40%**	40%
	169,044	164,739
Carrying value	**169,044**	164,739

	Ningbo Jingfeng 2019 RMB'000	Ningbo Jingfeng 2018 RMB'000
Opening net assets	**431,813**	(513)
Addition from shareholders	**–**	450,000
Profit/(loss) for the year	**263,040**	(17,674)
Other comprehensive income	**–**	–
Closing net assets	**694,853**	431,813
Dividends	**–**	–
Interests in associate	**50%**	50%
	347,427	215,907
Carrying value	**347,427**	215,907

	Nanjing Yuesheng For the period from 15 August 2019 to 31 December 2019 RMB'000
Opening net assets	**–**
Loss for the relevant period	**(1,295)**
Addition from shareholders	**1,500,164**
Closing net assets	**1,498,869**
Dividends	**–**
Interests in associate	**30%**
	449,661
Carrying value	**449,661**

11 Investments in Associates (continued)

	Yangling Guanghui For the period from 9 July 2019 to 31 December 2019 RMB'000	Shanghai Pinzhai For the period from 23 August 2019 to 31 December 2019 RMB'000
Opening net assets	–	–
Addition/deemed disposal	590,930	250,000
Loss for the relevant period	(5,481)	(10,128)
Closing net assets	585,449	239,872
Dividends	–	–
Interests in associates	49%	32.3%
	286,870	77,479
Unrealised profit in connection with the transaction between the Group and an associate	(9,901)	–
Carrying value	276,969	77,479

The commitment relating to the Group's interests in an associate is presented in Note 37(b).

The contingent liabilities relating to the Group's interests in associates is presented in Note 38.

12 Financial instruments by category

	2019 RMB'000	2018 RMB'000
Financial assets		
Trade and other receivables excluding prepayments	**6,866,894**	4,787,555
Cash and cash equivalents	**10,683,523**	11,715,378
Restricted cash	**3,064,679**	1,354,871
Financial assets at fair value through other comprehensive income (FVOCI)	**546,939**	472,104
Financial assets at fair value through profit or loss (FVPL)	**1,598,837**	644,161
	22,760,872	18,974,069

	2019 RMB'000	2018 RMB'000
Financial liabilities		
Borrowings	**19,005,311**	18,700,763
Trade and other payables excluding non-financial liabilities	**14,166,938**	13,333,401
Amounts due to non-controlling interests of subsidiaries	**896,011**	377,894
Lease liabilities	**168,977**	–
Derivative financial instruments	**39,420**	–
Financial liabilities for put option written on non-controlling interests	**–**	15,485
	34,276,657	32,427,543

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

	Year ended 31 December 2019 RMB'000
At beginning of the year	**472,104**
Net fair value losses recognised in other comprehensive income (Note 19)	**74,835**
At end of the year	**546,939**
Less: Non-current portion	**(546,939)**
Current portion	**–**

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(ii) Equity investments at fair value through other comprehensive income (continued)

Financial assets at fair value through other comprehensive income include the following:

	As at 31 December 2019 RMB'000
Unlisted equity securities (a)	546,939

The investments mainly represent the unlisted equity securities, the fair value of which were determined mainly based on the valuation techniques. The fair values are within level 3 of the fair value hierarchy.

Financial assets at fair value through other comprehensive income are denominated in the following currencies:

	As at 31 December 2019 RMB'000
RMB	491,129
USD	55,810
	546,939

(iii) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

* debt investments that do not qualify for measurement at either amortised cost or FVOCI,
* equity investments that are held for trading, and
* equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

	Year ended 31 December 2019 RMB'000
At beginning of the year	644,161
Additions	1,702,906
Disposals	(795,462)
Net fair value gains recognised in profit or loss (Note 27)	47,232
At end of the year	1,598,837
Less: Non-current portion	(1,000,587)
Current portion	598,250

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iii) Classification of financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss include the following:

	As at 31 December 2019 RMB'000
Unlisted equity securities (a)	149,810
Debt investments (b)	150,000
Private fund investments (c)	649,130
Wealth management products (d)	627,550
Listed equity securities (e)	22,347
	1,598,837

(a) The fair value of unlisted equity securities are based on valuation techniques. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted ratios of the comparable company.

(b) The fair values of debt investments are based on the discounted cash flows. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted discount rate of the cash flows.

(c) The fair values of private fund investments are based on net asset value. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the the adjusted net assets price based on market prices of portfolio assets in the fund.

(d) Wealth management products are mainly investments in financial products issued by commercial banks. The fair values of these investments approximated their carrying values as at 31 December 2019.

(e) This represented equity interest in a company listed on the Main Board of the Stock Exchange of Hong Kong Limited. The fair value of the investment at 31 December 2019 was calculated using the quoted market price.

Financial assets at fair value through profit of loss are denominated in the following currencies:

	As at 31 December 2019 RMB'000
RMB	842,250
HKD	50,181
USD	706,406
	1,598,837

14 Prepayments for leasehold land

The Group made prepayments of RMB720,095,000 as at 31 December 2019 (31 December 2018: Nil) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

15 Properties held or under development for sale

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Properties under development for sale	**13,279,230**	14,433,269
Properties held for sale	**4,586,496**	4,138,765
	17,865,726	18,572,034
Less: Provision for write-down	**(14,527)**	(30,727)
	17,851,199	18,541,307

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2019 were approximately RMB1,550,206,000 (2018: RMB1,387,128,000).

The capitalisation rate of borrowings was 9.48% for the year ended 31 December 2019 (2018: 10.40%).

As at 31 December 2019 and 2018, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 20).

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**3,156,080**	7,068,539
Properties held for sale	**2,452,185**	2,540,587

As at 31 December 2019, properties under development for sale with a total carrying amount of RMB9,109,685,815 (2018: RMB7,402,643,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2019 and 2018 were expected to be recovered within one year from respective reporting period end.

16 Trade and other receivables and prepayments

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables	652,665	137,587
Less: Provision for impairment of trade receivables	(8,246)	(1,232)
Trade receivables – net	644,419	136,355
Amounts due from joint ventures and associates	2,346,220	2,073,973
Prepaid taxes and surcharges and input VAT to be deducted (a)	327,671	253,164
Receivables arising from disposal of subsidiaries (b)	22,917	26,871
Loans due from disposed subsidiaries assumed by third parties (c)	29,485	38,276
Tender deposits (d)	50,000	–
Deposits with public housing fund centres (e)	27,653	36,255
Prepayments of construction costs	21,542	15,311
Temporary funding receivables (f)	134,154	108,484
Deposits paid for construction work	377,049	488,714
Amounts due from non-controlling interests of subsidiaries (g)	1,931,976	1,255,702
Deposits paid to secure borrowings	47,469	55,700
Prepayments for acquisition of completed properties for sale (h)	709,391	1,043,202
Deposits paid for advanced proceeds received from customers (i)	–	276,109
Prepayments for investments (j) (l)	–	325,783
Deposits for potential investment	343,248	262,324
Dividend receivables	14,745	–
Net leasing investment receivables (l)	111,526	–
Receivables from a third party (k) (l)	660,126	–
Others	172,248	77,572
Less: Provision for impairment of other receivables	(46,341)	(48,780)
	7,925,498	6,425,015
Less: non-current portion (l)	(757,298)	(325,783)
	7,168,200	6,099,232

notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid are recorded as prepayments before the relevant revenue is recognised.

(b) The balances represent the outstanding consideration for disposal of subsidiaries.

(c) The balance represents the outstanding amounts originally due by the disposed subsidiaries which have been assumed by the acquirers based on the share purchase agreements.

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

16 Trade and other receivables and prepayments (continued)

notes: (continued)

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance as at 31 December 2019 includes amounts of RMB24,137,500 (31 December 2018: RMB69,137,500), representing the outstanding principal balance from the non-controlling interests of Suzhou Ailide Trade Co., Ltd., ("Suzhou Ailide") which is with annual interest rate of 7.2% and is unsecured and repayable on demand.

Except for the loan lent to the non-controlling interests of Suzhou Ailide as mentioned above, the funding provided to other non-controlling interests of certain subsidiaries are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance as at 31 December 2018 represents the deposits paid for the advanced proceeds of properties received from customers in Changzhou and Tianjin, which were fully collected in 2019.

(j) The balance as at 31 December 2018 represents the prepayment for investments in equity interests of RMB325,783,000. The transaction was completed in February 2019, the prepayment was transferred to investments in equity interests.

(k) The balance as at 31 December 2019 includes the loan principal and interest receivable, totalling USD94,653,000 (equivalent to RMB660,126,000), due from a third party which will be matured in 2022.

(l) The balance as at 31 December 2019, includes the loan principal and interest receivable of RMB660,126,000 due from a third party and the long-term portion of net leasing investment receivables of RMB97,172,000. The balance as at 31 December 2018 included the prepayment for investments in equity interests of RMB325,783,000.

16 Trade and other receivables and prepayments (continued)

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Less than 1 year	**620,412**	131,493
Between 1 and 2 years	**30,454**	3,987
Between 2 and 3 years	**544**	810
Over 3 years	**1,255**	1,297
	652,665	137,587

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
At beginning of the year	**50,012**	17,384
Accrual of provision for receivables impairment from adoption of HKFRS 9 on 1 January 2018	**–**	5,381
Accrual of provision for receivables impairment during the year (Note 28)	**4,575**	27,247
At end of the year	**54,587**	50,012

As at 31 December 2019 and 2018, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB4,463,000 as at 31 December 2019 were pledged as collateral for the Group's borrowings (Note 20) (2018: RMB2,840,000).

As at 31 December 2019 and 31 December 2018, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
– RMB	**6,922,124**	6,166,481
– USD	**792,313**	16,210
– HKD	**211,061**	242,324
	7,925,498	6,425,015

17 Cash at bank and on hand

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**12,306,175**	13,021,965
– denominated in USD	**1,428,058**	8,747
– denominated in HKD	**13,919**	18,696
– denominated in SGD	**50**	20,841
	13,748,202	13,070,249

The weighted average interest rate on the Group's bank deposits as at 31 December 2019 was 2.00% (2018: 0.47%).

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Cash at bank and on hand	**13,748,202**	13,070,249
Less: Restricted cash	**(3,064,679)**	(1,354,871)
	10,683,523	11,715,378

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Deposits for notes issued	**–**	257
Deposits as security for property purchasers' mortgage loans (a)	**21,073**	80,153
Deposits pledged for borrowings (Note 20)	**2,340,146**	895,400
Deposits for letters of guarantee issued for project construction	**–**	8,400
Deposits for advanced proceeds received from property purchasers	**665,563**	356,757
Deposits as security for construction work	**2,411**	4,943
Deposits for investments	**–**	1,000
Deposits for ongoing litigations	**28,279**	–
Others	**7,207**	7,961
	3,064,679	1,354,871

notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

18 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2019 and 2018	10,000,000,000

(b) Ordinary shares, issued and fully paid and treasury shares

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000	Treasury shares RMB'000	Total RMB'000
As at 31 December 2018	1,400,194,213	86,634	(5,848)	80,786
Buy-back of shares (i)	–	–	(4,289)	(4,289)
Share award scheme	–	–	64	64
As at 31 December 2019	1,400,194,213	86,634	(10,073)	76,561

(i) The Group bought back a total of 2,400,000 of the Company's shares during the year ended 31 December 2019. The total consideration paid to buy back these shares was RMB4,289,000, which has been deducted from equity attributable to the owners of the Company. These shares are not cancelled, and will be used in share award scheme.

19 Reserves

	Share premium RMB'000 (c)	Treasury shares RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Financial assets through other comprehensive income RMB'000 (d)	Retained Earnings RMB'000	Total RMB'000
Balance at 1 January 2019	1,157,260	(5,848)	125,481	332,327	80,382	-	245,437	(70,420)	2,735,739	4,600,358
Change in accounting policy (Note 3)	-	-	-	-	-	-	-	-	3,686	3,686
Restated balance at 1 January 2019	1,157,260	(5,848)	125,481	332,327	80,382	-	245,437	(70,420)	2,739,425	4,604,044
Comprehensive income										
Profit for the year 2019	-	-	-	-	-	-	-	-	903,591	903,591
Net Changes in fair value of financial assets through other comprehensive income (Note 13)	-	-	-	-	-	-	-	74,835	-	74,835
Taxes on fair value gains on financial assets through other comprehensive income (Note 24)	-	-	-	-	-	-	-	(1,211)	-	(1,211)
Total comprehensive income for the year 2019	-	-	-	-	-	-	-	73,624	903,591	977,215
Transactions with owners										
Dividends (Note 35)	(360,323)	-	-	-	-	-	-	-	-	(360,323)
Changes in ownership interests in subsidiaries without change of control (Note 39)	-	-	-	(25,589)	-	-	-	-	-	(25,589)
Share award scheme (Note 33)	-	64	-	-	10,294	-	-	-	-	10,358
Share option scheme (Note 33)	-	-	-	-	-	3,181	-	-	-	3,181
Buy-back of shares	-	(4,289)	-	-	-	-	-	-	-	(4,289)
Lapse of put option written on non-controlling interests (Note 21)	-	-	-	15,605	-	-	-	-	-	15,605
	(360,323)	(4,225)	-	(9,984)	10,294	3,181	-	-	-	(361,057)
Balance at 31 December 2019	796,937	(10,073)	125,481	322,343	90,676	3,181	245,437	3,204	3,643,016	5,220,202

19 Reserves (continued)

	Share premium RMB'000 (c)	Treasury shares RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Financial assets through other comprehensive income RMB'000 (d)	Retained Earnings RMB'000	Total RMB'000
Balance at 1 January 2018	1,193,851	–	125,481	296,385	76,189	245,437	(77,773)	1,792,875	3,652,445
Changes in accounting policies	–	–	–	(4,035)	–	–	89,055	(89,055)	(4,035)
Restated balance at 1 January 2018	1,193,851	–	125,481	292,350	76,189	245,437	11,282	1,703,820	3,648,410
Comprehensive income/(loss)									
Profit for the year 2018	–	–	–	–	–	–	–	1,031,919	1,031,919
Net Changes in fair value of financial assets through other comprehensive income (Note 13)	–	–	–	–	–	–	(76,870)	–	(76,870)
Taxes on fair value gains on financial assets through other comprehensive income (Note 24)	–	–	–	–	–	–	(4,832)	–	(4,832)
Total comprehensive income for the year 2018	–	–	–	–	–	–	(81,702)	1,031,919	950,217
Transactions with owners									
Dividends (Note 35)	(260,794)	–	–	–	–	–	–	–	(260,794)
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	–	39,977	–	–	–	–	39,977
Place of new shares	261,266	–	–	–	–	–	–	–	261,266
Share award scheme (Note 33)	–	14	–	–	4,193	–	–	–	4,207
Buy back and cancellation	(37,063)	–	–	–	–	–	–	–	(37,063)
Buy-back of shares	–	(5,862)	–	–	–	–	–	–	(5,862)
	(36,591)	(5,848)	–	39,977	4,193	–	–	–	1,731
Balance at 31 December 2018	1,157,260	(5,848)	125,481	332,327	80,382	245,437	(70,420)	2,735,739	4,600,358

19 Reserves (continued)

notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividend are set out in Note 35.

(d) Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2.14. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

20 Borrowings

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Bank loans, secured (a)	**4,742,601**	5,392,476
– Other loans, secured (j)	**1,459,000**	2,335,000
– Trust financing arrangements, secured (b)	**251,700**	1,094,700
– Senior notes due 2020, secured, issued in April 2017 (c)	**2,750,975**	2,724,530
– Senior notes due 2021, secured, issued in April 2018 (d)	**2,429,874**	2,382,473
– Senior notes due 2020, secured, issued in January 2019 (e)	**1,042,469**	–
– Senior notes due 2021, secured, issued in April 2019 (f)	**1,355,493**	–
– Senior notes due 2022, secured, issued in July 2019 (g)	**1,805,273**	–
– Corporate bonds due 2021 (h)	**992,976**	1,491,522
– Corporate bonds due 2019 (i)	**–**	946,942
	16,830,361	16,367,643
Less: Current portion of long-term borrowings	**(7,223,063)**	(4,350,284)
	9,607,298	12,017,359
Borrowings included in current liabilities		
– Bank loans, secured (a)	**2,050,250**	1,045,600
– Other loans, secured (j)	**–**	1,055,620
– Trust financing arrangements, secured (b)	**124,700**	231,900
	2,174,950	2,333,120
Add: Current portion of long-term borrowings	**7,223,063**	4,350,284
	9,398,013	6,683,404

notes:

(a) The Group's bank borrowings are secured by properties held or under development for sale (Note 15), investment properties (Note 8) and bank deposits (Note 17) of the Group or guaranteed by subsidiaries of the Company for each other.

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 15) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company. Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group.

20 Borrowings (Continued)

notes: (continued)

(c) Senior notes due 2020, issued in April 2017

In April 2017, the Company issued three-year senior notes with principal amount of USD400,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 12 April 2017 at 7.75% per annum payable semi-annually in arrears, and are due for repayment on 12 April 2020. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 12 April 2020, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Group purchased back part of senior notes due 2020, issued in April 2017 in the aggregate principal amount of USD5,000,000 with unpaid accrued interest during the year ended 31 December 2019.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2019.

(d) Senior notes due 2021, issued in April 2018

In April 2018, the Company issued three-year senior notes with principal amount of USD350,000,000, which were listed on the Stock Exchange, among which USD20,000,000 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao. These notes are denominated in USD, and bear interest from 23 April 2018 at 9.45% per annum payable semi-annually in arrears, and are due for repayment on 23 April 2021. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 12 April 2021, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Group purchased back part of senior notes due 2021, issued in April 2018 in the aggregate principal amount of USD3,400,000 with unpaid accrued interest during the year ended 31 December 2019.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2019.

(e) Senior notes due 2020, issued in January 2019

In January 2019, the Company issued one-and-a-half-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 29 January 2019 at 13% per annum payable semi-annually in arrears, and are due for repayment on 31 July 2020. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 31 July 2020, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2019.

20 Borrowings (Continued)

notes: (continued)

(f) Senior notes due 2021, issued in April 2019

In April 2019, the Company issued two-and-a-half-year senior notes with principal amount of USD200,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 1 April 2019 at 10.875% per annum payable semi-annually in arrears, and are due for repayment on 4 October 2021. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 4 October 2021, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2019.

(g) Senior notes due 2022, issued in July 2019

In July 2019, the Company issued three-year senior notes with principal amount of USD260,000,000, which were were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 25 July 2019 at 12% per annum payable semi-annually in arrears, and are due for repayment on 25 July 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 25 July 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2019.

(h) Corporate bonds due 2021

In March 2016, the Group issued five-year corporate bonds with principal amount of RMB1,500,000,000 ("Corporate bonds due 2021"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2021 are denominated in RMB, and bear interest rate at 5.88% per annum for the first three years and 7.00% per annum for the last two years, payable annually in arrears.

(i) Corporate bonds due 2019

In September 2016, the Group issued three-year corporate bonds with principal amount of RMB1,000,000,000, which were not listed. The corporate bonds due 2019 are denominated in RMB, and bear interest rate at 9.00% per annum, payable annually in arrears. The corporate bonds due 2019 were fully repaid by 31 December 2019.

(j) Other loans

Other loans, mainly including the loans from other financial institutions, are secured by properties held or under development for sale (Note 15), investment properties (Note 8), trade and other receivables and prepayments (Note 16), equity interests in the subsidiaries of the Company and guaranteed by a subsidiary of the Company. Included in other loans, there is a commercial mortgage backed securitization which was issued in July 2018 and is due on 28 November 2029 with principal amount of RMB720,000,000 including priority tranche of RMB684,000,000 with an annual interest rate at 6.60% and posterior tranche of RMB36,000,000 which were subscribed by the Group. The commercial mortgage backed securitization are guaranteed by certain subsidiaries and secured by the investment properties of Beijing San Quan Apartments and accounts receivables of rental income generated from Beijing San Quan Apartments. The commercial mortgage backed securitization are denominated in RMB, and bear the above interest rate per annum for the first three years, payable quarterly in arrears.

20 Borrowings (Continued)

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Between 1 and 2 years	**5,916,425**	7,126,294
Between 2 and 5 years	**3,168,298**	3,923,218
Above 5 years	**522,575**	967,847
	9,607,298	12,017,359

The range of effective interest rates as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
Bank and other loans	**2.82%-11.3%**	2.82%-11.7%
Trust financing arrangements	**10.2%-10.9%**	7.2%-13%

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

20 Borrowings (Continued)

As at 31 December 2019 and 2018, the fair values of borrowings approximate their carrying amounts.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Over 5 Years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
As at 31 December 2019	1,209,824	700,000	7,374,474	323,000	9,607,298
As at 31 December 2018	1,461,820	854,847	8,939,692	761,000	12,017,359
Borrowings included in current liabilities:					
As at 31 December 2019	6,853,553	2,544,460	–	–	9,398,013
As at 31 December 2018	2,981,430	3,701,974	–	–	6,683,404

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December 2019 RMB'000	2018 RMB'000
RMB	**8,646,075**	12,808,787
USD	**9,812,362**	5,620,354
HKD	**546,874**	271,622
	19,005,311	18,700,763

21 Derivative financial instrument/Financial liabilities for put option written on non-controlling interests

	31 December 2019 RMB'000
Derivative financial instrument	**39,420**
Less: Current portion	**–**
Non-current portion	**39,420**

21 Derivative financial instrument/Financial liabilities for put option written on non-controlling interests (Continued)

During acquisition of the investment in a joint venture, the Group granted a call option to one of other joint venture partners during the agreed exercise period and a right to higher proportion of the excess profit distribution than the shareholding of the joint venture partner in the joint venture according to the agreement, which was recognised as derivative financial instrument during the year ended 31 December 2019.

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the derivative financial instrument. The valuation of the derivative financial instrument was determined using the Monte Carlo Simulation. The significant unobservable input is the volatility of the property price of the underlying investment property held by the joint venture.

The movement of the derivative is set out below:

	31 December	
	2019	2018
	RMB'000	RMB'000
Opening balance	**–**	–
Initial recognition at fair value	**5,400**	–
Losses arising on changes in fair values (Note 27)	**34,020**	–
	39,420	–
Less: Current portion	**–**	–
	39,420	–

	31 December	
	2019	2018
	RMB'000	RMB'000
Financial liabilities for put option written on non-controlling interests	**–**	15,485
Less: Current portion	**–**	(15,485)
Non-current portion	**–**	–

(a) In November 2017, Chongqing Jingkang Property Development Co., Ltd., ("Chongqing Jingkang"), a wholly-owned subsidiary of the Group, entered into equity interests transfer agreement with the non-controlling interests of Chongqing Jingteng Property Development Co., Ltd. ("Chongqing Jingteng"), pursuant to which, Chongqing Jingkang issued put option to the non-controlling interests which granted its right to sell the 30.23% equity interest in Chongqing Jingteng back to Chongqing Jingkang. The put option written to the non-controlling interests of Chongqing Jingteng was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity. In 2018, the Group redeemed 30.23% equity interests of Chongqing Jingteng at a consideration of RMB59,024,000 and then Chongqing Jingteng became a wholly owned subsidiary of the Group.

21 Derivative financial instrument/Financial liabilities for put option written on non-controlling interests (Continued)

(b) In March 2016, Shanghai Jingrui Investment Co., Ltd. ("Shanghai Jingrui"), an indirectly wholly owned subsidiary of the Group, transferred 35% and 15% equity shares in its wholly owned subsidiary Shanghai Xiaoyi Investment Co., Ltd. ("Shanghai Xiaoyi") at a total consideration of RMB50,000 to two third parties, Shanghai Jiayu Property Co., Ltd. ("Shanghai Jiayu") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Shenzhen Pingjia") respectively. Pursuant to the equity transfer agreement, Shanghai Jingrui issued put option to the two non-controlling interests of Shanghai Xiaoyi which grant them the rights to sell to Shanghai Jingrui their shares of Shanghai Xiaoyi at the agreed exercise date and at a price calculated based on the terms agreed in the equity transfer agreement. It was regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

In April 2019, Shenzhen Pingjia obtained its share of profit through profit distributions of Shanghai Xiaoyi, and then transferred 15% equity interests to the Group at a consideration of RMB15,000. As the non-controlling interests obtained the consideration of equity interests through profit distributions of Shanghai Xiaoyi instead of exercising the put option to sell the equity interests to Shanghai Jingrui, the Group reclassified the redemption liabilities back to the capital reserve.

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Opening balance	**15,485**	73,968
Lapse of put option written on non-controlling interests	**(15,605)**	(59,024)
Changes in discounted present value (Note 29)	**120**	541
	–	15,485
Less: Current portion	**–**	(15,485)
	–	–

22 Trade and other payables

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade payables	**3,780,651**	4,127,692
Notes payable	**96,078**	298,531
Amounts due to joint ventures and associates	**4,229,631**	2,811,325
Turnover taxes payable	**171,226**	105,855
Electricity fee and cleaning fee collected on behalf	**74,763**	38,588
Deed tax collected on behalf	**2,381**	18,583
Accrued payroll	**30,903**	33,117
Interest payable	**380,654**	221,428
Temporary funding payable	**1,350,005**	1,450,000
Construction deposits received from suppliers	**38,586**	63,693
Deposits received from customers	**21,441**	37,293
Payables for sales commission	**–**	2,091
Consideration payables for acquisition	**846,540**	165,401
Payment received in connection with disposal of subsidiaries	**117,556**	–
Dividend payable to non-controlling interests of certain subsidiaries	**676,929**	–
Dividend payable (d)	**1,379**	1,379
Amount received in connection with the transferring the right of collection of future receivables (a)	**183,969**	1,032,109
Payable to related parties of non-controlling interests (b)	**466,000**	700,000
Deposits received in connection with cooperation with third parties for property development and property investment	**800,000**	1,750,000
Payables for acquisition of equity investments (c)	**943,126**	268,930
Others	**157,249**	346,358
	14,369,067	13,472,373

notes:

(a) The balance represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.

(b) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.

(c) The balance represents the interest-bearing payables relating to the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group from independent third parties, among which the payables amounting to RMB268,930,000 related to acquisition of Taizhou Zhenghuang as at 31 December 2018 has been fully repaid during the year ended 31 December 2019. The interest rate is approximately ranging from 6% – 10% per annum.

(d) The dividend payable as at 31 December 2018 and 31 December 2019 of RMB1,379,000 is the remaining unpaid final dividend declared in 2015 relating to year ended 31 December 2014.

22 Trade and other payables (Continued)

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Less than 1 year	**3,034,446**	4,159,960
Between 1 and 2 years	**749,824**	202,840
Between 2 and 3 years	**57,227**	40,192
Over 3 years	**35,232**	23,231
	3,876,729	4,426,223

As at 31 December 2019 and 2018, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2019 and 31 December 2018, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
RMB	**14,086,290**	13,366,876
USD	**281,012**	94,775
HKD	**1,765**	10,722
	14,369,067	13,472,373

23 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**896,011**	377,894

The balance as at 31 December 2019 includes amounts of RMB91,200,000 (31 December 2018: Nil), which were the outstanding principal balance of shareholder's loan from Wuhan Xinfeilun Group Co., Ltd. to Wuhan Ruixiao Real Estate Investment Co., Ltd., ("Wuhan Ruixiao") a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 9%.

The balance as at 31 December 2019 includes amounts of RMB105,000,000 (31 December 2018: Nil), which were the outstanding principal and interest payable balance of shareholder's loan from Wuhan Yanjiu Management Consulting Co., Ltd. to Wuhan Ruixiao a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 9%.

The balance as at 31 December 2019 includes amounts of RMB231,640,000 (31 December 2018: Nil), which were the outstanding principal balance of shareholder's loan from Shanghai Juanxiang Real Estate Development Co., Ltd. to Hangzhou Juanheng Property Co., Ltd., a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 10%.

The balance as at 31 December 2019 includes amounts of RMB8,477,000 (31 December 2018: Nil), which were the outstanding principal balance of shareholder's loan from Zhuhai Huafa Industry Share Co., Ltd. to Tianjin Ruijun Real Estate Development Co., Ltd. ("Tianjin Ruijun Development"), a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 4.75%.

The balances as at 31 December 2018 include amounts of RMB97,420,000 and RMB89,412,000 which were the outstanding principal and interest payable balance of shareholders' loan from two non-controlling shareholders to Ningbo Jingjun Property Co., Ltd., a non-wholly owned subsidiary of the Group, respectively. These shareholders' loans were unsecured with annual interest rate of 5% and were fully repaid in 2019.

Except for the shareholder's loans mentioned above which carry an interest, the fundings from other non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

24 Deferred income tax

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**145,310**	95,198
– after 12 months	**129,088**	71,078
	274,398	166,276
Deferred tax liabilities to be settled		
– within 12 months	**(101,518)**	(208,528)
– after 12 months	**(1,202,891)**	(1,112,705)
	(1,304,409)	(1,321,233)
Deferred tax liabilities, net	**(1,030,011)**	(1,154,957)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Opening balance	**(1,154,957)**	(1,189,555)
Adjustment of changing in accounting policy (Note 3)	**(1,229)**	1,346
Addition arising from acquisition of Zhongguan Xinyuan Management LLP ("Zhongguan Xinyuan") (Note 40)	**–**	(29,595)
Addition arising from acquisition of Hangzhou Jingcheng (Note 10)	**–**	91,452
Addition arising from acquisition of Hangzhou Xiaoying (Note 40)	**96,632**	–
Addition arising from disposal of Beijing Chengyuan Property Co., Ltd. ("Beijing Chengyuan")	**(11,768)**	–
Charged to the consolidated income statement (Note 32)	**42,522**	(23,773)
Charged to other comprehensive income (Note 19)	**(1,211)**	(4,832)
Ending balance	**(1,030,011)**	(1,154,957)

As at 31 December 2019, deferred income tax assets and deferred income tax liabilities amounting to RMB22,821,000 (31 December 2018: RMB33,752,000) were offset.

24 Deferred income tax (Continued)

The movement in deferred income tax assets and liabilities for both years ended 31 December 2019 and 2018 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2019	64,524	15,190	5,484	19,396	84,896	10,538	200,028
Addition arising from acquisition of Hangzhou Xiaoying (Note 40)	–	–	–	–	96,632	–	96,632
Credited/(charged) to the consolidated income statement	47,556	(721)	(5,484)	(4,881)	(34,525)	(1,386)	559
At 31 December 2019	112,080	14,469	–	14,515	147,003	9,152	297,219
At 1 January 2018	96,223	9,039	12,277	12,866	170,855	10,184	311,444
Adjustment of adoption of HKFRS 9 on 1 January 2018	–	1,346	–	–	–	–	1,346
Addition arising from acquisition of Zhongguan Xinyuan (Note 40)	2,817	–	–	–	–	–	2,817
Addition arising from acquisition of Hangzhou Jingcheng (Note 40)	–	–	–	–	91,452	–	91,452
(Charged)/credited to the consolidated income statement	(34,516)	4,805	(6,793)	6,530	(177,411)	354	(207,031)
At 31 December 2018	64,524	15,190	5,484	19,396	84,896	10,538	200,028

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB499,341,000 (31 December 2018: RMB454,997,000) in respect of tax losses amounting to RMB1,997,364,000 (31 December 2018: RMB1,819,988,000) as at 31 December 2019. All these tax losses will expire within five years.

24 Deferred income tax (Continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains RMB'000	Temporary difference on recognition of cost of sales and expenses RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Re-measurement of the remaining interests in Shanghai Jingqi Property Development Co., Ltd. RMB'000	Acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2019	410,696	313,640	37,182	–	593,467	1,354,985
Adjustment for changes in accounting policies on 1 January 2019 (Note 3)	–	1,229	–	–	–	1,229
Charged to other comprehensive income (Note 19)	1,211	–	–	–	–	1,211
Addition arising from disposal of Beijing Chengyuan (Note 40)	11,768	–	–	–	–	11,768
(Credited)/charged to the consolidated income statement	(19,969)	(16,227)	(20,658)	–	14,891	(41,963)
At 31 December 2019	403,706	298,642	16,524	–	608,358	1,327,230
At 1 January 2018	432,058	190,319	37,182	45,736	795,704	1,500,999
Addition arising from acquisition of Zhongguan Xinyuan (Note 40)	32,412	–	–	–	–	32,412
Charged to other comprehensive income (Note 19)	4,832	–	–	–	–	4,832
(Credited)/charged to the consolidated income statement	(58,606)	123,321	–	(45,736)	(202,237)	(183,258)
At 31 December 2018	410,696	313,640	37,182	–	593,467	1,354,985

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

25 Revenue

Revenue of the Group consists of the following:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue from contracts with customers recognised at a point in time		
– Sales of properties	**12,366,104**	10,440,273
– Others	**59,016**	56,894
	12,425,120	10,497,167
Revenue from contract with customers recognised over time		
– Property management service	**441,123**	386,329
– Decoration of properties	**180,264**	250,976
	621,387	637,305
Rental income	**238,620**	133,731
	13,285,127	11,268,203

26 Other income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Gain from acquisition of shares in Ningbo Puhong (a)	**90,428**	–
Government grants	**51,578**	26,969
Compensation income	**2,492**	12,668
Interest income on loans to joint ventures	**13,022**	21,074
Others	**950**	7,627
	158,470	68,338

note:

(a) In February 2019, the Group acquired 46% equity interests of Ningbo Puhong which indirectly held a property investment company in Shanghai, the PRC, at a total consideration of RMB301,000,000 from a third party seller, and accounted for Ningbo Puhong as a joint venture. Gain on bargain purchase of RMB90,428,000 arising from this acquisition was recognised and recorded as other income.

27 Other gains – net

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Fair value gains from financial assets at fair value through profit or loss	**47,232**	62,061
Investment income from financial assets at fair value through other comprehensive income	**14,983**	13,816
Gains from lease modification	**12,987**	–
(Losses)/gains from disposal of property, plant and equipment	**(219)**	430
Changes in fair values of derivative financial instruments	**(34,020)**	–
Gain from disposal of joint ventures	**1,851**	–
Gain from disposal of shares in subsidiaries	**31,378**	–
Gains from deemed disposal of a subsidiary (Note 11(b))	**85,191**	–
Compensation and late payment charges	**(36,103)**	(11,762)
Disposal gains on investment properties	**14,373**	166,670
Others	**9,087**	(2,385)
	146,740	228,830

28 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Cost of properties sold	**10,069,234**	8,204,721
Cost of properties management	**292,698**	271,491
Cost of design and decoration of properties	**110,985**	154,943
Tax and surcharges	**42,335**	60,764
Accrual of provision for write-down of properties held or under development for sale-net	**11,747**	1,855
Depreciation of property, plant and equipment (Note 7)	**24,679**	12,840
Amortisation of intangible assets (Note 9)	**1,277**	1,370
Bank charges	**11,168**	7,500
Staff costs (Note 30)	**448,060**	453,180
Entertainment expenses	**21,545**	24,369
Stamp duty and other taxes	**30,229**	25,722
Professional fees	**100,518**	186,159
Auditors' remuneration		
– annual audit and interim review	**3,995**	3,940
– non-audit services	**2,400**	455
Sales commission	**67,835**	45,162
Advertising and publicity costs	**80,254**	64,162
Office and meeting expenses	**43,720**	41,850
Rental expenses	**12,160**	58,314
Travelling expenses	**16,673**	23,835
Net impairment losses on financial assets (Note 16)	**4,575**	27,247
Other expenses	**195,999**	138,584
Total cost of sales, selling and marketing costs and administrative expenses	**11,592,086**	9,808,463

29 Finance costs – net

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits and financial assets	**261,507**	53,343
Finance costs		
– Interest on financing arrangements	**(2,004,793)**	(1,535,272)
– Net foreign exchange losses on financing activities	**(57,731)**	(188,965)
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests (Note 21)	**(120)**	(541)
– Interest on lease liabilities	**(14,549)**	–
– Less: Amount capitalised	**1,550,206**	1,387,128
	(526,987)	(337,650)
Net finance costs	**(265,480)**	(284,307)

30 Staff costs (including directors' emoluments)

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Wages and salaries	**369,590**	382,130
Pension	**21,758**	22,558
Other welfare benefit expenses	**43,173**	44,285
Share award scheme (Note 33)	**10,358**	4,207
Share option scheme (Note 33)	**3,181**	–
	448,060	453,180

31 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Total RMB'000
Year ended 31 December 2019:							
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,489	2,366	63	–	–	3,918
Xu Chao Hui (許朝輝) (ii)	–	2,205	138	65	17	–	2,425
Xu Hai Feng (徐海峰) (ii)	–	2,679	761	64	849	688	5,041
Qian Shi Zheng (錢世政) (iii)	263	–	–	–	–	–	263
Han Jiong (韓炯) (iii)	263	–	–	–	–	–	263
Lo Wing Yan (盧永仁) (iii)	263	–	–	–	–	–	263
	789	6,373	3,265	192	866	688	12,173
Year ended 31 December 2018:							
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–	–
Yan Hao (閆浩) (i) (ii)	–	1,416	4,008	96	–	–	5,520
Yang Tie Jun (楊鐵軍) (ii)	–	410	–	14	–	–	424
Xu Chao Hui (許朝輝) (ii)	–	2,264	2,046	92	41	–	4,443
Xu Hai Feng (徐海峰) (ii)	–	1,969	841	88	–	–	2,898
Qian Shi Zheng (錢世政) (iii)	258	–	–	–	–	–	258
Han Jiong (韓炯) (iii)	258	–	–	–	–	–	258
Lo Wing Yan (盧永仁) (iii)	258	–	–	–	–	–	258
	774	6,059	6,895	290	41	–	14,059

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) Mr. Chen Xin Ge, Mr. Yan Hao, Mr. Xu Chao Hui and Mr. Yang Tie Jun were appointed as the executive directors of the Company in October 2013.

Mr.Yang Tie Jun resigned as executive director of the Company with effect from 12 February 2018. Mr. Xu Hai Feng was appointed as executive director of the Company from 15 March 2018.

Mr. Xu Chao Hui resigned as executive director of the Company with effect from 18 January 2020. Mr. Chen Chao was appointed as executive director of the Company from 30 March 2020.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013.

31 Benefits and interests of directors (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year ended 31 December 2019 include two (2018: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2018: two) individuals are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, share award, share option and benefits in kind	8,822	4,337
Bonuses	2,548	–
	11,370	4,337

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	–	1
HKD1,000,001- HKD1,500,000	–	–
HKD1,500,001- HKD2,000,000	–	–
HKD2,000,001- HKD2,500,000	–	–
HKD2,500,001- HKD3,000,000	–	–
HKD3,000,001- HKD3,500,000	1	–
HKD3,500,001- HKD4,000,000	1	–
HKD4,000,001- HKD4,500,000	–	1
HKD4,500,001 and above	1	–

(c) During the year ended 31 December 2019, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2018: Nil).

During the year ended 31 December 2019, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2018: Nil).

During the year ended 31 December 2019, no consideration was provided to or receivable by third parties for making available director's services (2018: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year ended 31 December 2019 and 2018.

31 Benefits and interests of directors (continued)

(d) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 December 2018, USD20,000,000 of senior notes due 2021 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao.

32 Income tax expense

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**428,308**	275,706
– PRC corporate income tax	**479,080**	438,053
	907,388	713,759
Deferred income tax (Note 24)	**(42,522)**	23,773
Total income tax charged for the year	**864,866**	737,532

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit before income tax	**2,149,876**	2,040,423
PRC land appreciation tax	**(428,308)**	(275,706)
	1,721,568	1,764,717
Income tax calculated at statutory rate of 25%	**430,392**	441,179
The difference from income tax calculated at statutory rate of 16.5%	**(2,624)**	–
Effect of expenses not deductible for income tax purposes	**108,539**	173,141
Share of results of joint ventures and associates	**(85,639)**	(31,266)
Income not subject to tax	**(45,544)**	(18,076)
Utilisation of previously unrecognised tax losses	**(62,618)**	(47,876)
Tax losses and temporary differences not recognised as deferred tax assets	**106,962**	150,576
PRC land appreciation tax and other tax on change in fair value of investment properties	**(17,213)**	(223,366)
PRC land appreciation tax deductible for calculation of income tax purpose	**4,303**	17,514
PRC land appreciation tax	**428,308**	275,706
Total income tax expense	**864,866**	737,532

32 Income tax expense (continued)

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2019 (2018: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2019, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB541,406,000 (31 December 2018: RMB372,226,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB5,414,056,000 (31 December 2018: RMB3,722,259,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

33 Share-based payments

(a) New share award scheme

The Company's board approved and adopted the Share Award Scheme on 29 November 2017 (the "New Share Scheme"). Pursuant to the New Share Scheme, subject to certain vesting conditions, the shares can be vested in tranches on 1 January 2018, 2019, 2020 respectively. In March and September 2019, under the same scheme, certain shares were granted to the selected employees and can be vested in tranches in March 2019, January 2020 and January 2021 respectively subject to certain vesting conditions.

An expenses of RMB10,358,000 was recognised for the year ended 31 December 2019 in relation to the employees' service provided (2018: RMB4,207,000).

33 Share-based payments (continued)

(b) Share option scheme

The Company's board approved and adopted the Share Option Scheme on 7 May 2019. On 9 September 2019, the Company granted 27,000,000 share options with an exercise price of HKD2.53 per share to certain directors of the Company and certain employees of the Company and its subsidiaries.

The amount of options that will vest depends on the achievement of certain targets of the Group mainly including contracted sales and net profits attributable to equity holders of the Company. Once vested, the options remain exercisable at any time during the period prior to the expiration of 10 years from the date on which the options are granted and accepted, in accordance with the terms of the Share Option Scheme.

Set out below are summaries of options granted under the plan:

	2019	
	Exercise price per share option (HKD per share)	Number of options
As at 1 January	–	–
Granted during the year	2.53	27,000,000
As at 31 December	2.53	27,000,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price in HKD per share	Share options at 31 December 2019
9 September 2019	8 September 2029	2.53	27,000,000

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss.

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the share option at grant date. The valuation was determined using the Binomial model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option. An expenses of RMB3,181,000 was recognised for the year ended 31 December 2019.

34 Earnings per share

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2019 and 2018 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2019	2018
Group's profit attributable to equity holders of the Company (RMB'000)	**903,591**	1,031,919
Weighted average number of shares in issue (in thousand)	**1,394,723**	1,343,986
Basic earnings per share (RMB)	**0.65**	0.77

(b) Diluted earnings per share

	Year ended 31 December	
	2019	2018
Group's profit attributable to equity holders of the Company (RMB'000)	**903,591**	1,031,919
Weighted average number of shares in issue (in thousand)	**1,394,723**	1,343,986
Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand)	**4,747**	1,170
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**1,399,470**	1,345,156
Diluted earnings per share (RMB)	**0.65**	0.77

35 Dividends

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Proposed final dividend of HKD24 cents (2018: HKD30 cents) per ordinary share (a)	**305,261**	359,024

notes:

(a) At a board meeting held on 30 March 2020, the directors proposed a final dividend for the year ended 31 December 2019 of HKD24 cents per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2020 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

(b) A final dividend in respect of the year ended 31 December 2018 of HKD30 cents per ordinary share has been approved at the annual general meeting of the Company held on 7 May 2019. The dividend of RMB360,323,000 has been paid out by the Company in May 2019.

36 Notes to the consolidated cash flow statement

(a) Net cash generated from operations:

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Profit before income tax	**2,149,876**	2,040,423
Adjustments for:		
Depreciation (Note 28)	**24,679**	12,840
Amortisation (Note 28)	**1,277**	1,370
Losses/(gains) on disposals of property, plant and equipment (Note 27)	**219**	(430)
Net impairment losses on financial assets (Note 28)	**4,575**	27,247
Gain on disposal of subsidiaries (Note 27)	**(31,378)**	–
Gain from lease modification	**(12,987)**	–
Other losses on acquisition of subsidiaries	**–**	1,585
Gains from deemed disposal of a subsidiary	**(85,191)**	–
Gains on disposal of associates	**–**	(540)
Change in fair value of financial assets at fair value through profit or loss (Note 27)	**(47,232)**	(62,061)
Accrual of provision for write-down of properties held for sale (Note 28)	**11,747**	1,855
Gains on disposal of joint ventures	**(1,851)**	–
Depreciation/(appreciation) of investment properties under office and apartment platform	**21,474**	(388,051)
Fair value gains on investment properties under other platforms	**(96,022)**	(54,708)
Share of results of joint ventures (Note 10)	**(170,409)**	47,324
Share of results of associate (Note 11)	**(172,148)**	(172,387)
Foreign exchange losses (Note 29)	**57,731**	188,965
Unrealised profit in connection with the sales from the Group to a joint venture (Note 10)	**–**	4,092
Interest income on loans to joint ventures (Note 26)	**(13,022)**	(21,074)
Gain from acquisition of shares in Ningbo Puhong	**(90,428)**	–
Finance costs (Note 29)	**469,256**	148,685
Finance income (Note 29)	**(261,507)**	(53,343)
Share award scheme (Note 33)	**10,358**	4,207
Share option scheme (Note 33)	**3,181**	–
Changes in fair value of derivative financial instruments (Note 27)	**34,020**	–
Gains from disposal of investment properties (Note 27)	**(14,373)**	(166,670)
Investment income from financial assets at fair value through other comprehensive income (Note 27)	**(14,983)**	(13,816)
Changes in working capital		
– Restricted cash relating to operating activities	**(265,062)**	(47,926)
– Prepayments for leasehold land	**(669,650)**	911,176
– Properties held or under development for sales (excluding capitalised interest)	**5,166,737**	(250,451)
– Trade and other receivables and prepayments	**265,326**	(403,247)
– Advances from pre-sale of properties	**(1,227,817)**	(5,307,615)
– Trade and other payables	**(2,002,466)**	2,864,899
– (Increase)/decrease in amounts due from joint ventures and associates	**(71,184)**	700,893
– Increase in amounts due to related parties	**641,422**	1,080,149
Net cash generated from operations	**3,614,168**	1,093,391

36 Notes to the consolidated cash flow statement (continued)

(b) Major non-cash transaction:

One subsidiary of the Group declared dividends of RMB121,870,000 during the year ended 31 December 2019 to its non-controlling interests. Such dividends payable was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2019.

(c) Proceeds from disposal of property, plant and equipment:

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Net book value (Note 7)	**715**	1,659
(Losses)/gains on disposals of property, plant and equipment (Note 27)	**(219)**	430
Proceeds from disposal of property, plant and equipment	**496**	2,089

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

	31 December	
	2019	2018
	RMB'000	RMB'000
Borrowings	**19,005,311**	18,700,763
Leases liabilities	**168,977**	–
Amounts due to related parties	**1,272,736**	1,357,500
Amounts due to non-controlling interests of subsidiaries	**896,011**	377,894
	21,343,035	20,436,157

36 Notes to the consolidated cash flow statement (continued)

(d) Net debt reconciliation (continued)

Net debt (continued)

	Liabilities from financing activities				
	Borrowings RMB'000	Leases liabilities RMB'000	Amounts due to related parties RMB'000	Amounts due to non-controlling interests of subsidiaries RMB'000	Total RMB'000
Balance as at 31 December 2018	18,700,763	–	1,357,500	377,894	20,436,157
Adjustment for changes in accounting policy (Note 3)	–	182,486	–	–	182,486
Restated balance as at 1 January 2019	18,700,763	182,486	1,357,500	377,894	20,618,643
Net Cash flows	403,254	(23,366)	(84,764)	518,117	813,241
Foreign exchange movements	214,696	–	–	–	214,696
Other non-cash movements	(313,402)	9,857	–	–	(303,545)
Balance as at 31 December 2019	19,005,311	168,977	1,272,736	896,011	21,343,035

	Liabilities from financing activities				
	Borrowings RMB'000	Finance leases RMB'000	Amounts due to related parties RMB'000	Amounts due to non-controlling interests of subsidiaries RMB'000	Total RMB'000
Balance as at 31 December 2017	14,114,763	4,251	2,201,500	635,839	16,956,353
Net Cash flows	4,084,744	–	(599,000)	(257,945)	3,227,799
Acquisitions of subsidiaries	110,000	–	(245,000)	–	(135,000)
Foreign exchange movements	361,859	–	–	–	361,859
Other non-cash movements	29,397	(4,251)	–	–	25,146
Balance as at 31 December 2018	18,700,763	–	1,357,500	377,894	20,436,157

37 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Land use rights	**1,164,900**	–
Other property development expenditure	**1,754,489**	2,490,684
	2,919,389	2,490,684

(b) Investment commitments

As at 31 December 2019 and 2018, committed investments are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Committed investments	**18,190**	22,500
Committed for the selling rights of certain completed properties for sale	**–**	284,760
	18,190	307,260

(c) Operating lease rental receivables

As at 31 December 2019 and 2018, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within 1 year	**147,693**	88,775
1 to 5 years	**313,772**	292,023
After 5 years	**205,596**	228,706
	667,061	609,504

38 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**4,363,078**	3,862,016

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Guarantees provided to joint ventures and associates

As at 31 December 2019, the Group provided guarantees for a total of bank borrowings of RMB1,484,000,000 of its joint ventures and associates (31 December 2018: RMB930,450,000).

39 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interests in subsidiaries

In 2019, the Group acquired additional equity interests of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB980,830,000 (2018: RMB212,277,000). The excess of RMB24,706,000 in total over the carrying amount of the non-controlling interests of RMB956,124,000 was recognised in equity attributable to equity holders of the Company.

During 2019 and 2018, major acquisition of additional interests in subsidiaries are as follows:

(a) In April 2019, the Group acquired an additional 15% equity interests of its subsidiary Shanghai Xiaoyi Investment Co., Ltd. at a consideration of RMB15,000. The excess of RMB3,164,000 over the carrying amount of the non-controlling interests of RMB3,179,000 was recognised in equity attributable to equity holders of the Company.

(b) In July 2019, the Group acquired an additional 49% equity interests of its subsidiary Hangzhou Jinghang Property Co., Ltd. through acquire 100% equity interest of Shanghai Jiacan Investment Co., Ltd. at a consideration of RMB65,213,000. The lower of RMB7,667,000 over the carrying amount of the non-controlling interests of RMB72,880,000 was recognised in equity attributable to equity holders of the Company.

(c) In August 2019, the Group acquired an additional 30% equity interests of its subsidiary Shanghai Xiaopin Investment Co., Ltd. at a consideration of RMB201,000,000. The excess of RMB36,468,000 over the carrying amount of the non-controlling interests of RMB164,532,000 was recognised in equity attributable to equity holders of the Company.

(d) In December 2019, the Group acquired an additional 70% equity interests of its subsidiary Taicang Jingrui Business Consulting Co., Ltd. with the carrying amount of the non-controlling interests of RMB700,000,000 at a consideration of RMB700,000,000.

(e) In January and July 2018, the Group acquired an additional 18.77% and 30.23% equity interests of its subsidiary Chongqing Jingteng Property Co., Ltd. respectively at a total consideration of RMB95,777,000. The excess of RMB23,883,000 over the carrying amount of the non-controlling interests of RMB71,894,000 was recognised in equity attributable to equity holders of the Company.

(f) In April 2018, the Group acquired an additional 16% equity interests of its subsidiary Ningbo Xiaoyong Investment Co., Ltd. at a consideration of RMB16,000,000. The excess of RMB266,000 over the carrying amount of the non-controlling interests of RMB15,734,000 was recognised in equity attributable to equity holders of the Company.

(g) In August 2018, the Group acquired an additional 45% equity interests of a subsidiary at nil consideration. The excess of RMB1,466,000 over the carrying amount of the non-controlling interests was recognised in equity attributable to equity holders of the Company.

(h) In July 2018, the Group acquired equity interests of a subsidiary Suzhou Youte Investment Centre (Limited Partnership) ("Suzhou Youte") at a consideration of RMB100,500,000. The amount RMB17,098,000 less than the carrying amount of the non-controlling interests of RMB117,598,000 was recognised in equity attributable to equity holders of the Company.

39 Changes in ownership interests in subsidiaries without change of control (continued)

The following table summarises the carrying amount of non-controlling interests acquired, considerations need to be paid to non-controlling interests and excess of consideration paid recognised within equity of these subsidiaries at the acquisition date.

	Year ended December 31	
	2019	2018
	RMB'000	RMB'000
Consideration need be paid to non-controlling interests	**(980,830)**	(212,277)
Carrying amount of non-controlling interests acquired	**956,124**	203,760
Excess of consideration paid recognised within equity	**24,706**	8,517

Deemed disposal of interests in subsidiaries without loss of control

In 2019, certain third parties injected capital contribution of RMB281,129,000 to certain subsidiaries which have an effective dilution of the Group's interests in these subsidiaries. The Group recognised an increase in non-controlling interests of RMB282,012,000 and an increase in equity attributable to equity holders of the Company of RMB883,000.

During 2019, major deemed disposal of interests in subsidiaries without loss of control are as follows:

(i) In July 2019, pursuant to certain agreements, Tianjing Huajing Property Co., Ltd. ("Tianjing Huajing") injected capital contribution of RMB165,130,000 to Tianjin Ruijun Business Management Co., Ltd. ("Tianjin Ruijun"), a wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Tianjin Ruijun. After the transaction, Tianjing Huajing and the Group own equity interests of Tianjin Ruijun as to 49% and 51% respectively, and the Group still controls Tianjin Ruijun. The Group recognised an increase in non-controlling interests of RMB165,129,000 and a decrease in equity attributable to equity holders of the Company of RMB1,000. Tianjin Ruijun has a wholly-owned subsidiary, namely Tianjin Ruijun Development.

(j) In August 2019, pursuant to certain agreements, Shanghai International Trust Co., Ltd. ("Shanghai Trust") and Shanghai Shangxin Kunpu Investment Management Co., Ltd. ("Shangxin Kunpu") injected capital contribution of RMB101,444,000 and RMB1,195,000 respectively to Ningbo Meishan Free Trade Port Youyu Investment Center LLP ("Meishan Youyu"), a wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Meishan Youyu. After these transactions, Shanghai Trust, Shangxin Kunpu and the Group own equity interests of Meishan Youyu as to 65.47%, 0.77% and 33.76% respectively, and the Group still controls Meishan Youyu. The Group recognised an increase in non-controlling interests of RMB102,635,000 and a decrease in equity attributable to equity holders of the Company of RMB4,000. Meishan Youyu has a subsidiary, namely Ningbo Jingxin Property Co., Ltd.

(k) In 2019, certain employees injected capital contribution of RMB13,360,000 through certain limited liability partnerships established by the Group and employees to certain subsidiaries which have an effective dilution of the Group's interests in these subsidiaries.

(l) In January 2018, pursuant to certain agreements, Nanjing Luode Dening Property Investment LLP ("Nanjing Luode Dening") and Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Jiangsu Luode") injected capital contribution of RMB75,375,000 to Suzhou Youte, a non-wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Suzhou Youte. After the transaction, Nanjing Luode Dening and Jiangsu Luode and the Group own equity interests of Suzhou Youte as to 0.25%, 49.63% and 50.12% respectively, and the Group still controls Suzhou Youte. The Group recognised an increase in non-controlling interests of RMB80,153,000 and a decrease in equity attributable to equity holders of the Company of RMB4,778,000.

39 Changes in ownership interests in subsidiaries without change of control (continued)

Deemed disposal of interests in subsidiaries without loss of control (continued)

(m) In July 2018, pursuant to certain agreements, Shandong Trust injected capital contribution of RMB132,000,000 to Hangzhou Jingqi Enterprise Management Consulting Co., Ltd. ("Hangzhou Jingqi"), a non-wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Hangzhou Jingqi. After the transaction, Shandong Trust own equity interests of Hangzhou Jingqi as to 40%, and the Group still controls Hangzhou Jingqi. The Group recognised an increase in non-controlling interests of RMB132,004,000 and a decrease in equity attributable to equity holders of the Company of RMB4,000.

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and loss on disposal recognised within equity of these subsidiaries at the deemed disposal date.

	Year ended December 31	
	2019	2018
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**(282,012)**	(270,197)
Consideration received from non-controlling interests	**281,129**	259,667
Loss on disposal recognised within equity	**883**	10,530

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2019 and 2018.

	Year ended December 31	
	2019	2018
	RMB'000	RMB'000
Excess of consideration paid recognised within equity	**(24,706)**	(8,517)
Loss on disposal recognised within equity for equity attributable to equity holders for the Company	**(883)**	(10,530)
Put options written on non-controlling interests (Note 21)	**–**	59,024
Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company	**(25,589)**	39,977

40 Business combination and assets acquisitions

Assets acquisitions in 2019

(a) In January 2019, the Group entered into a purchase agreement with three third parties, pursuant to which third parties transferred 100% equity interests in total of Shanghai Yuexia Enterprise Management Co., Ltd. ("Shanghai Yuexia") to the Group at a total consideration of RMB2,555,000. The transaction was regarded as assets acquisition which was completed in October 2019.

(b) The Group and Hangzhou Shunguang hold 50% equity interests of a joint venture Hangzhou Xiaoying, a property project company in Hangzhou, respectively.

In November 2019, the Group and Hangzhou Shunguang entered into a shareholder resolution, pursuant to which, Hangzhou Shunguang follows the Group on all substantive decision on the operating and financing policies of Hangzhou Xiaoying thereafter. Since then, the directors of the Company consider that the Group has effective control over Hangzhou Xiaoying, and Hangzhou Xiaoying became a non-wholly owned subsidiary of the Group. The transaction was regarded as assets acquisition.

(c) In December 2019, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 51% equity interests of Shanghai Juanyu Real Estate Development Co., Ltd. to the Group at a total consideration of RMB25,727,000. The transaction was regarded as assets acquisition which was completed in December 2019.

Business Combination in 2018

(d) On 28 April 2018, the Group acquired 100% equity interests and obtained the control of Zhejiang Guodu Property Management Development Co., Ltd. at a consideration of RMB11,120,000.

Assets acquisitions in 2018

(e) In January 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Beijing Chengyuan to the Group at a total consideration of RMB269,000,000. The transaction was regarded as assets acquisition which was completed in February 2018

(f) In March 2018, the Group entered into a purchase agreement with a then associate, pursuant to which the then associate transferred 100% equity interests of Zhongguan Xinyuan and Zhongguan Yayuan Enterprise Management Co., Ltd. to the Group at a total consideration of RMB213,154,000. The transaction was regarded as assets acquisition which was completed in May 2018.

(g) In April 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Zhongfa Wenchan Property (Wuhan) Co., Ltd. to the Group at a total consideration of RMB239,530,000. The transaction was regarded as assets acquisition which was completed in May 2018.

(h) In April 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Taizhou Zhenghuang to the Group at a total consideration of RMB339,709,000. The transaction was regarded as assets acquisition which was completed in May 2018.

40 Business combination and assets acquisitions (continued)

Assets acquisitions in 2018 (continued)

(i) In June 2018, Jingrui Properties, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a joint venture partner, Shandong Trust, pursuant to which Jingrui Properties acquired 49% equity interests of Shanghai Ruice, a joint venture of the Group which directly held a property project company, Hangzhou Jingcheng in Zhejiang Province, the PRC, at a consideration of RMB199,000,000.

Completion of the share purchase agreement took place on 29 June 2018 and Hangzhou Jingcheng became a wholly owned subsidiary of the Group since then.

(j) In May 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Xinhua Wenhua Tower to the Group at a total consideration of RMB241,370,000. The transaction was regarded as assets acquisition which was completed in July 2018.

(k) In August 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Yinqiao Apartment to the Group at a total consideration of RMB228,999,000. The transaction was regarded as assets acquisition which was completed in September 2018.

(l) In May 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Zhongshan Building to the Group at a total consideration of RMB79,300,000. The transaction was regarded as assets acquisition which was completed in September 2018.

41 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Shanghai Jupan	Then joint venture
Ningbo Haipanju Apartment Management Co., Ltd. ("Ningbo Haipanju")	A subsidiary of a then joint venture
Ningbo Jiamu	Associate
Ningbo Jinghang Property Co., Ltd. ("Ningbo Jinghang")	A subsidiary of an associate
Nanjing Yuning	Associate
Ningbo Rongan Education	Associate
Ningbo Kanghua Property Co., Ltd. ("Ningbo Kanghua")	A subsidiary of an associate
Tianjin Ruiyue	Joint venture before July 2019 (i)
Hangzhou Xiaoying	Joint venture before November 2019 (ii)
Changshu Zhicheng	Joint venture
Tianjin Yuanming	Joint venture
Hangzhou Zhenlu	Associate
Hangzhou Lvcheng Guixi Real Estate Development Co., Ltd. ("Lvcheng Guixi")	A subsidiary of an associate
Suzhou Lingrui	Joint venture
Suzhou Chengrui	Joint venture
Tropica Development	Associate
Nanjing Caicheng	Joint venture
Ningbo Jingfeng	Associate
Tianjin Xinbi	Then Joint venture
Tianjin Jinyuan Real Estate Development Co., Ltd. ("Tianjin Jinyuan")	A subsidiary of a then joint venture
Tianjin Junyou	Joint venture
Tianjin Xinyou Property Co., Ltd. ("Tianjin Xinyou")	A subsidiary of a joint venture
Changshu Huihuang	Associate
Nanjing Shansheng	Joint venture
Changshu Junchun	Joint venture
Changshu Jiangnan Zhongying Real Estate Property Co., Ltd. ("Jiangnan Zhongying")	A subsidiary of a joint venture
Changshu Jiangnan Guotai Real Estate Property Co., Ltd. ("Jiangnan Guotai")	A subsidiary of a joint venture
Tianjin Ruihui	Associate (iii)
Tianjin Ruihui Real Estate Development Co., Ltd. ("Tianjin Ruihui Development")	A subsidiary of an associate (iii)
Shanghai Pinzhai	Associate (iv)
Nanjing Yuesheng	Associate (v)
Yangling Guanghui	Associate (vi)
Tianjin Xuming	Associate
Hangzhou Jingcheng	Joint venture before June 2018 (vii)

41 Related-party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship with the Group
Tianjin Hesheng Real Estate Development Co., Ltd. ("Tianjin Hesheng")	A subsidiary of an associate
Ningbo Puhong	Joint venture
Tianjin Xinghuacheng Property Co., Ltd. ("Tianjin Xinghuacheng")	Joint venture
Shanghai Puhong Property Co., Ltd. ("Shanghai Puhong")	A subsidiary of a joint venture
Hangzhou Yuerong Real Estate Development Co., Ltd. ("Hangzhou Yuerong")	A subsidiary of an associate
Shanghai Maglink Enterprise Management Co., Ltd. ("Shanghai Maglink")	A subsidiary of a joint venture
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Decent King Limited	A company wholly owned by Chen Xin Ge
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen

Note:

(i) Tianjin Ruiyue became a wholly owned subsidiary of the Group since July 2019 (Note 10).

(ii) Hangzhou Xiaoying became a non-wholly owned subsidiary of the Group since November 2019 (Note 10).

(iii) Since December 2019, Tianjin Ruihui and its wholly owned subsidiary Tianjin Ruihui Development became associates of the Group (Note 11).

(iv) Since August 2019, Shanghai Pinzhai became an associate of the Group (Note 11).

(v) Since July 2019, Nanjing Yuesheng became an associate of the Group (Note 11).

(vi) Since July 2019, Yangling Guanghui became an associate of the Group (Note 11).

(vii) Hangzhou Jingcheng became a wholly owned subsidiary of the Group since June 2018 (Note 10).

41 Related-party transactions (continued)

(b) Transactions with related parties

The Group has the following related party transactions:

	Year ended 31 December 2019 RMB'000	2018 RMB'000
(i) Providing/(repayment of) temporary funding to/(from) related parties		
– Nangjing Yuning	**(14,689)**	(238,000)
– Ningbo Rongan Education	**–**	(17,960)
– Ningbo Jingfeng	**798**	(466,000)
– Nanjing Caicheng	**861,647**	25,375
– Suzhou Chengrui	**–**	62,900
– Tianjin Xinbi	**–**	50,317
– Tianjin Jinyuan	**–**	800
– Tianjin Junyou	**40,817**	44,613
– Tianjin Xinyou	**(330)**	330
– Changshu Huihuang	**(39,805)**	39,805
– Changshu Junchun	**14,108**	303,534
– Tianjin Ruiyue	**–**	713,373
– Nangjing Yuesheng	**1,543**	–
– Ningbo Puhong	**(17,086)**	–
– Tianjin Ruihui	**2**	–
	847,005	519,087
(ii) Loan from a related party		
– Chen Xin Ge (note)	**–**	50,000

note: During the year ended 31 December 2018, the Group received a loan from a related party, which was non-interest bearing and unsecured. The loan was fully repaid by 31 December 2018.

	2019 RMB'000	2018 RMB'000
(iii) Providing loans to related parties		
– Nanjing Shansheng	**–**	61,350
– Tianjin Ruihui Development	**13,183**	–
– Tianjin Xuming	**93,510**	–
	106,693	61,350

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2019 RMB'000	2018 RMB'000
(iv) (Repayment)/collection of temporary funding (to)/from related parties		
– Ningbo Kanghua	–	(599,000)
– Ningbo Jiamu	**100,000**	187,000
– Hangzhou Xiaoying	–	87,696
– Changshu Zhicheng	**(16,000)**	(7,250)
– Suzhou Lingrui	**(7,500)**	17,000
– Suzhou Chengrui	**16,342**	77,000
– Nanjing Caicheng	**776,884**	775,445
– Ningbo Rongan Education	–	13,790
– Shanghai Jupan	–	20
– Lvcheng Guixi	**10,500**	42,000
– Tianjin Xinghuacheng	–	16,000
– Jiangnan Zhongying	**46,209**	12,017
– Jiangnan Guotai	**38,280**	28,653
– Tianjin Xinyou	**15,345**	–
– Ningbo Jingfeng	**135,000**	–
– Nanjing Yuning	**27,250**	–
– Changshu Huihuang	**399,026**	–
– Nanjing Shansheng	**47,908**	–
– Tianjin Hesheng	**82,500**	–
– Ningbo Puhong	**9,241**	–
– Hangzhou Yuerong	**24,863**	–
	1,705,848	650,371

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
(v) Collection of shareholder's loan from related parties		
– Hangzhou Zhenlu	**–**	70
– Lvcheng Guixi	**–**	28,000
– Hangzhou Xiaoying	**–**	93,134
– Tropica Development	**–**	173,574
– Tianjin Ruiyue	**624,892**	–
– Nanjing Shansheng	**61,350**	–
– Yangling Guanghui	**79,946**	–
	766,188	294,778
(vi) Expenses paid by the Group on behalf of related parties		
– Ningbo Jinghang	**962**	2
– Ningbo Jingfeng	**6**	1,106
– Changshu Huihuang	**254**	624
– Hangzhou Xiaoying	**1,125**	1,158
– Suzhou Chengrui	**1,731**	–
– Tianjin Hesheng	**5,086**	–
– Shanghai Maglink	**1,688**	–
– Yangling Guanghui	**8,255**	–
	19,107	2,890

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December	
		2019	2018
		RMB'000	RMB'000
(vii)	Providing property management services to related parties		
	– Hangzhou Jingcheng	**–**	681
	– Ningbo Haipanju	**–**	643
	– Changshu Huihuang	**1,223**	–
		1,223	1,324
(viii)	Interest income from related parties		
	– Tianjin Ruiyue	**13,022**	16,865
	– Nanjing Shansheng	**10,005**	4,209
	– Yangling Guanghui	**9,901**	–
	– Tianjin Yuanming	**4,233**	–
	– Shanghai Pinzhai	**791**	–
		37,952	21,074
(ix)	Providing consulting service to related parties		
	– Ningbo Jinghang	**–**	8,328
	– Ningbo Jingfeng	**3,774**	8,300
	– Tianjin Xinghuacheng	**–**	10,876
	– Nanjing Shansheng	**6,643**	–
	– Suzhou Chengrui	**1,717**	–
	– Jiangnan Guotai	**2,566**	–
	– Jiangnan Zhongying	**1,775**	–
	– Changshu Zhicheng	**802**	–
		17,277	27,504
(x)	Senior notes subscribed by a related party		
	Beyond Wisdom Limited		
	– Discounted principal amount (Note 20)	**–**	155,687
	– Fully capitalised interest	**8,739**	7,445
		8,739	163,132

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
(xi) Guarantee provided to joint ventures and associates (Note 38)		
– Changshu Zhicheng	**31,000**	112,500
– Nanjing Caicheng	**344,000**	120,000
– Changshu Junchun	**627,000**	627,000
– Suzhou Chengrui	**–**	31,200
– Suzhou Lingrui	**–**	19,750
– Tianjin Xinbi	**–**	20,000
– Tianjin Hesheng	**90,000**	–
– Yangling Guanghui	**392,000**	–
	1,484,000	930,450

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of Carry Capital, head of Joyride Apartment, head of Co-Fortune Capital and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**17,597**	18,674
Share award scheme	**4,953**	41
Share option	**1,312**	–
Post-employment benefits	**420**	495
	24,282	19,210

41 Related-party transactions (continued)

(d) Related-party balances

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
(i) Amounts due from related parties (Note 16)		
– Shanghai Jupan	**–**	1,500
– Ningbo Haipanju	**–**	853
– Ningbo Jinghang	**9,789**	10,018
– Hangzhou Xiaoying	**–**	1,125
– Nanjing Yuning	**–**	14,689
– Tianjin Yuanming (note (1))	**145,729**	141,496
– Nanjing Caicheng	**1,427,085**	565,438
– Ningbo Jingfeng	**7,111**	34,940
– Suzhou Chengrui	**64,720**	62,900
– Tianjin Xinbi	**–**	50,317
– Tianjin Jinyuan	**–**	800
– Tianjin Junyou	**85,430**	44,613
– Tianjin Xinyou	**–**	330
– Tianjin Ruiyue	**–**	731,251
– Changshu Huihuang	**356**	40,060
– Changshu Junchun	**317,642**	303,534
– Nanjing Shansheng (note (2))	**–**	69,427
– Jiangnan Guotai	**–**	682
– Tianjin Xuming (note (3))	**93,510**	–
– Ningbo Puhong	**8,698**	–
– Yangling Guanghui (note (4))	**142,941**	–
– Shanghai Maglink	**1,688**	–
– Tianjin Hesheng	**2,710**	–
– Tianjin Ruihui	**2**	–
– Tianjin Ruihui Development (note (5))	**13,183**	–
– Nangjing Yuesheng	**1,543**	–
– Shanghai Pinzhai (note (6))	**24,083**	–
	2,346,220	2,073,973

Note:

(1) The balance as at 31 December 2019 includes an amount of RMB141,496,000 (31 December 2018: RMB141,496,000) due from Tianjin Yuanming, which is the outstanding principal for a shareholder's loan granted to Tianjin Yuanming. The shareholder loan has an annual interest rate of 9% and unsecured.

(2) The balance of RMB69,427,000 as at 31 December 2018 due from Nanjing Shansheng represents the outstanding principal RMB61,350,000 and interest receivable balance of RMB8,077,000 for a shareholder's loan granted to Nanjing Shansheng, which was fully repaid by Nanjing Shansheng to the Group for the year ended 31 December 2019. The shareholder loan has an annual interest rate of 9% and unsecured.

(3) The balance of RMB93,510,000 as at 31 December 2019 (31 December 2018: Nil) due from Tianjin Xuming represents the outstanding principal RMB93,510,000 for a shareholder's loan granted to Tianjin Xuming. The shareholder loan has an annual interest rate of 12% and unsecured.

(4) The balance as at 31 December 2019 includes an amount of RMB136,220,000 (31 December 2018: Nil) due from Yangling Guanghui represents the outstanding principal for a shareholder's loan granted to Yangling Guanghui and interest receivable. The shareholder loan has an annual interest rate of 10% and unsecured.

41 Related-party transactions (continued)

(d) Related-party balances (Continued)

Note: (Continued)

(5) The balance of RMB13,183,000 as at 31 December 2019 (31 December 2018: Nil) due from Tianjin Ruihui Development represents the outstanding principal RMB13,183,000 for a shareholder's loan granted to Tianjin Ruihui Development. The shareholder loan has an annual interest rate of 4.75% and unsecured.

(6) The balance of RMB24,083,000 as at 31 December 2019 (31 December 2018: Nil) due from Shanghai Pinzhai represents the outstanding principal for a shareholder's loan granted to Shanghai Pinzhai and interest receivable. The shareholder loan has an annual interest rate of 10% and unsecured.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 22)		
– Ningbo Jiamu	**231,008**	131,008
– Ningbo Jinghang	**13**	9
– Hangzhou Xiaoying	**–**	268,170
– Changshu Zhicheng	**6,041**	22,041
– Suzhou Lingrui	**15,763**	23,263
– Suzhou Chengrui	**96,584**	114,978
– Nanjing Caicheng	**2,909,829**	2,132,945
– Ningbo Rongan Education	**31,750**	31,750
– Lvcheng Guixi	**52,500**	42,000
– Tianjin Xinghuacheng	**16,000**	4,471
– Shanghai Jupan	**–**	20
– Jiangnan Zhongying	**58,226**	12,017
– Jiangnan Guotai	**66,933**	28,653
– Nangjing Yuning	**27,250**	–
– Ningbo Jingfeng	**135,000**	–
– Tianjin Xinyou	**15,345**	–
– Changshu Huihuang	**399,026**	–
– Nanjing Shansheng	**47,908**	–
– Ningbo Puhong	**9,241**	–
– Shanghai Pinzhai	**3,851**	–
– Hangzhou Yuerong	**24,863**	–
– Tianjin Hesheng	**82,500**	–
	4,229,631	2,811,325

Note:

These balances due to related parties represented the temporary fundings from related parties.

Except for those balances disclosed above, other fundings provided to or from related parties are unsecured, non-interest bearing and repayable on demand.

42 Particulars of principal subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2019 and 2018 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產（集團）有限公司) ("Jingrui Properties")	8 September 1993	1,621,079	1,621,079	100%	100%	Property land investment holding
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司)	25 December 2007	500,600	500,600	100%	100%	Property development
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司)	20 February 2013	620,000	620,000	100%	100%	Property development
Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發（天津）有限公司) (b)	25 June 2007	USD 71,600	USD 71,600	100%	100%	Urban infrastructure development
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) (b)	15 August 2007	533,325	533,325	100%	100%	Urban infrastructure development
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司)	10 July 2013	30,500	30,500	100%	100%	Investment holding
Shimmery Amber Co., Ltd. (亮珀有限公司)	30 October 2013	HKD10,000	–	100%	100%	Investment holding
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司)	10 October 2013	615,000	615,000	100%	100%	Property Development
Wuxi Jingrui Property Co., Ltd. (無錫景瑞置業有限公司)	20 February 2014	USD74,000	USD74,000	100%	100%	Property Development
Shanghai Xiaopin Investment Co., Ltd. (上海驍品投資有限公司) ("Shanghai Xiaopin") (Note 39(c))	4 May 2014	500,000	500,000	100%	70%	Investment holding
Hangzhou Jingxi Property Co., Ltd. (杭州景璽置業有限公司)	11 September 2014	1,105,000	1,105,000	100%	100%	Property development
Ningbo Jingyue Property Co., Ltd. (寧波景越置業有限公司)	13 March 2015	HKD495,880	HKD495,880	100%	100%	Property development
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) ("Shanghai Xiaoyi") (Note 39(a)), (f)	13 May 2014	100	100	65%	50%	Investment holding
Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司)	14 April 2016	600,000	600,000	100%	70%	Property development
Wuhan Ruixiao Real Estate Investment Co., Ltd. (武漢瑞驍房地產投資有限公司) ("Wuhan Ruixiao")	17 March 2017	1,003,000	1,003,000	100%	100%	Investment holding
Wuhan Ruiqian Business Consulting Co., Ltd. (武漢瑞乾商務諮詢有限公司) ("Wuhan Ruiqian")	12 December 2017	1,000,000	1,000,000	60%	60%	Property management
Nanjing Jingrui Investment Co., Ltd. (南京景鋭企業管理有限公司)	12 October 2016	1,053	53	100%	100%	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB '000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Taicang Jingrui Business Consulting Co., Ltd. (太倉璟睿諮詢有限公司) (Note 39(d))	1 April 2017	1,000,000	1,000,000	**100%**	30%	Investment holding
Shanghai Shenran Business Consulting Co., Ltd. (上海燊冉商務諮詢有限公司) ("Shanghai Shenran") (i)	17 December 2018	1,000,000	1,000,000	**30%**	30%	Investment holding
Shanghai Guicui Information Consulting Co., Ltd. (上海晷翠信息諮詢有限公司) ("Shanghai Guicui") (i)	17 December 2018	1,000,000	1,000,000	**30%**	30%	Investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	30,000	30,000	**100%**	100%	Property management
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	500,000	500,000	**100%**	100%	Building decoration engineering
Shanghai Jingrui Investment Co.,Ltd. (上海景瑞投資有限公司)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) ("Taicang Jingshang")	6 January 2010	150,000	150,000	**70%**	70%	Property development
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development
Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司)	23 February 2011	620,000	620,000	**100%**	100%	Property development
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)	17 November 2009	205,000	205,000	**100%**	100%	Property development
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) ("Nantong Jingrui") (Note 10(i))	26 January 2010	210,520	210,520	**100%**	100%	Property development
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	**100%**	100%	Property development
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司)	12 May 2011	51,000	51,000	**100%**	100%	Property development
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)	17 August 2010	200,000	200,000	**100%**	100%	Property development

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)	27 June 2011	100,000	100,000	100%	100%	Property development
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	5,000	5,000	100%	100%	Property development
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司)	17 January 2012	5,000	5,000	100%	100%	Property development
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)	25 January 2013	5,000	5,000	100%	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司)	16 August 2002	10,000	10,000	67.5%	67.5%	Property development
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)	8 April 2008	20,000	20,000	100%	100%	Property development
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	20,000	20,000	100%	100%	Property development
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	100%	100%	Property development
Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司)	13 July 2001	70,599	70,599	100%	100%	Property development
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	100%	100%	Property development
Chongqing Jingkang Property Co., Ltd. (重慶景康實業有限公司) ("Chongqing Jingkang")	20 July 2005	10,000	10,000	100%	100%	Property development
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)	6 December 2012	100,000	100,000	100%	100%	Property development
Chongqing Jingteng Property Co., Ltd. (重慶景騰置業有限公司) ("Chongqing Jingteng") (Note 39(e))	19 June 2015	150,000	150,000	100%	100%	Property development
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司)	1 March 2013	100,000	100,000	100%	100%	Property development
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司)	8 April 2013	100,000	100,000	100%	100%	Property development
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	100%	100%	Property management and investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD2,000	USD2,000	100%	100%	Property management and investment holding
Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司)	19 June 2013	100,000	100,000	100%	100%	Property development
Nantong Jingshang Property Co., Ltd. (南通景尚置業有限公司)	2 July 2013	100,000	100,000	100%	100%	Property development
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司) ("Hangzhou Jinghang") (Note 39(b))	14 August 2013	100,000	100,000	100%	51%	Property Development
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司)	23 June 1998	100,000	100,000	100%	100%	Property Development
Taicang Derun Investment Development Co., Ltd. (太倉德潤投資發展有限公司)	14 August 2013	247,000	247,000	100%	100%	Property Development
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司)	18 February 2014	100,000	100,000	100%	100%	Property development
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) ("Shaoxing Jingming")	22 January 2014	5,000	5,000	51%	51%	Property development
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司)	23 January 2014	100,000	100,000	100%	100%	Property development
Shanghai Jingyue Property Co., Ltd. (上海景月置業有限公司)	8 April 2015	80,608	80,608	100%	100%	Property development
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	100%	100%	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥))	23 July 2015	192,030	192,030	100%	100%	Investment holding
Ningbo Gangcheng Business and Trading Co., Ltd. (寧波港程商貿有限公司) (d)	28 February 2014	50,000	50,000	50%	50%	Property development
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (d)	8 January 2015	50,000	50,000	50%	50%	Hardware and building materials

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司) (d)	23 April 2014	50	50	**50%**	50%	Investment holding
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司)	22 February 2016	100,000	100,000	**100%**	100%	Property development
Hangzhou Jingcheng Property Co., Ltd. 杭州景程置業有限公司 ("Hangzhou Jingcheng") (Note 10(h)), (Note 40(i))	6 November 2017	5,000	5,000	**100%**	100%	Property development
Hangzhou Jiaheng Property Co., Ltd. (杭州嘉恒房地產開發有限公司)	26 October 2011	5,000	5,000	**100%**	100%	Property development
Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司)	14 October 2011	30,000	30,000	**70%**	70%	Property development
Nanjing Jingteng Property Co., Ltd. (南京景騰置業有限公司)	13 May 2016	51,100	51,100	**100%**	100%	Property development
Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司)	31 May 2016	30.000	30.000	**65%**	50%	Property development
Suzhou Helan Investment LLP (蘇州合嵐投資合夥企業(有限合夥))	20 July 2016	500,010	104,000	**100%**	100%	Investment holding
Shanghai Taoyong Property Management Co., Limited (上海韜永物業管理有限公司)	17 January 2011	610,000	610,000	**100%**	100%	Property development
Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司) ("Ningbo Jingjun") (Note 23), (c)	21 October 2016	200,000	100,000	**44%**	44%	Property development
Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司) ("Ningbo Xiaoyong") (Note 39(f)), (c)	19 October 2016	200,000	100,000	**44%**	44%	Investment holding
Wuhan Yanzhuo Building Decoration Engineering Co., Ltd. (武漢衍琢裝飾工程有限公司) ("Wuhan Yanzhuo") (h)	27 June 2018	20,000	20,000	**40%**	40%	Property development
Shanghai Ruizhi Investment Co., Ltd. (上海瑞徵投資有限公司)	16 February 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司)	16 April 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司) ("Shanghai Xiaoze")	7 May 2014	100,000	100,000	**70%**	70%	Investment holding
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	30,000	30,000	**100%**	100%	Property Management
Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司) ("Ningbo Xiangjun")	19 October 2016	400,000	400,000	**51%**	51%	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Ningbo Jingxi Property Co., Ltd. (寧波景璽置業有限公司)	29 September 2016	5,000	5,000	100%	100%	Property development
Ningbo Jinghuang Property Co., Ltd. (寧波景煌置業有限公司)	21 October 2016	400,000	400,000	51%	51%	Property development
Taicang Jingyu Business Consulting Co., Ltd. (太倉璟譽諮詢管理有限公司)	1 April 2017	10,000	10,000	100%	100%	Investment holding
Taicang Jingxia Business Consulting Co., Ltd. (太倉璟瑕諮詢管理有限公司)	1 April 2017	100	100	100%	100%	Investment holding
Beijing Jingxiu Business Management Centre (北京景秀商業管理中心)	12 January 2017	1,000	1,000	100%	100%	Investment holding
Ningbo Meishan Free Trade Port Youyue Investment Co., Ltd. (寧波梅山保税港區優鉞資產管理有限公司)	23 February 2017	100,000	30,000	100%	100%	Investment holding
Nanjing Jingsheng Property Development Co.,Ltd. (南京景晟置業有限公司)	18 April 2017	10,000	–	100%	100%	Property development
Nanjing Jingkun Property Development Co.,Ltd. (南京景坤置業有限公司)	27 April 2017	5,000	–	100%	100%	Property development
Suzhou Youte Investment Centre (Limited Partnership) (蘇州優特投資中心(有限合夥)) ("Suzhou Youte") (Note 39(h), (l))	12 May 2017	201,500	–	100%	100%	Investment holding
Ningbo Jingtong Property Co., Ltd. (寧波景通置業有限公司)	23 May 2017	200,000	200,000	100%	100%	Property development
Shanghai Ruiyue Hotel Management Co., Ltd. (上海瑞越酒店管理有限公司)	16 March 2017	100,000	40,000	100%	100%	Property management
Nanjing Qiancheng Property Co., Ltd. (南京乾程置業有限公司)	6 June 2017	230,000	230,000	100%	100%	Property development
Shanghai Shenxin Real Estate Co., Ltd. (上海申信房地產有限公司) ("Shanghai Shenxin") (a)	20 October 1992	10,800	10,800	100%	100%	Property management
Beijing Zhongguan Xinyuan Management LLP (北京中關信苑企業管理有限公司) ("Zhongguan Xinyuan") (Note 40(f))	8 March 2017	10,000	10,000	100%	100%	Property management

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Shanghai Haopei Property Co. Ltd. (上海浩沛置業有限公司)	30 October 2017	10,000	10,000	100%	100%	Property Development
Shanghai Hutai Real Estate Development Company Limited (上海滬泰房地產發展有限公司)	16 November 1992	79,475	79,475	100%	100%	Property management
Shanghai Zhaoliang Advertising Co. Ltd. (上海兆量廣告有限公司)	7 January 2008	10,000	10,000	100%	100%	Property management
Wuhan Yingjin Jiayuan Real Estate Development Co. Ltd. (武漢盈錦嘉園房地產開發有限公司) ("Wuhan Jiayuan") (e)	23 November 2016	60,000	60,000	40%	40%	Property development
Hangzhou Ruimeng Hotel Management Co. Ltd. (杭州瑞夢酒店管理有限公司)	27 December 2017	10,000	10,000	100%	100%	Property management
Zhongguan Yayuan Enterprise Management Co., Ltd. (北京中關雅苑企業管理有限公司) ("Zhongguan Yayuan") (Note 40(f))	9 March 2017	10,000	10,000	100%	100%	Property management
Wuhan Ruiyun Real Estate Development Co., Ltd. (武漢瑞允房地產開發有限責任公司)	23 March 2018	10,000	10,000	60%	60%	Property Development
Zhongfa Wenchan Property (Wuhan) Co., Ltd. (中法文產置業(武漢)有限公司) ("Zhongfa Wenchan") (Note 40(g))	15 June 2017	55,000	55,000	60%	60%	Property Development
Tianjin Ruihua Real Estate Development Co., Ltd. (天津瑞華房地產開發有限責任公司) ("Tianjin Ruihua") (a)	14 February 2018	30,000	30,000	100%	100%	Property Development
Tianjin Ruisheng Real Estate Development Co., Ltd. (天津瑞盛房地產開發有限責任公司) ("Tianjin Ruisheng") (a)	7 March 2018	30,000	30,000	100%	100%	Property Development
Beijing Chengyuan Property Co., Ltd. (北京程遠置業有限公司)	26 September 2017	100,000	100,000	–	100%	Property Development
Taizhou Zhenghuang Property Co., Ltd. (台州市正黃置業有限公司) ("Taizhou Zhenghuang") (Note 40(h))	25 September 2017	10,000	10,000	100%	100%	Property Development
Hangzhou Jingqi Corporate Management Consulting Co., Ltd. (杭州景祺企業管理諮詢有限公司) ("Hangzhou Jingqi") (Note 39(m)), (j)	17 May 2018	330,000	330,000	60%	60%	Investment holding
Hangzhou Jingsheng Property Co., Ltd. (杭州景勝置業有限公司) ("Hangzhou Jingsheng") (j)	17 May 2018	330,000	330,000	60%	60%	Property Development
Shanghai Shanding Property Management Co., Ltd. (上海山鼎物業管理有限公司)	7 November 2017	1,000	1,000	100%	100%	Property management
Shanghai Shenshi Property Co., Ltd. (上海申實置業有限公司)	28 April 2017	10,000	–	100%	100%	Property management

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2019	2018	Principal activities
Subsidiaries established in the PRC						
Shanghai Kaikang Enterprise Management Co., Ltd. (上海鍇康企業管理有限公司)	29 March 2018	200,000	–	100%	100%	Investment holding
Tianjin Ruijun Real Estate Development Co., Ltd. (天津瑞駿房地產開發有限責任公司) ("Tianjin Ruijun Development") (Note 39(i))	13 June 2019	337,000	337,000	51%	–	Property Development
Ningbo Jingxin Property Co., Ltd. (寧波景心置業有限公司) (Note 39(j))	12 June 2019	1,222,320	1,092,655	33.76%	–	Property Development
Wuhan Ruiyihongfa Real Estate Development Co., Ltd. (武漢瑞毅弘發房地產開發有限公司) ("Wuhan Ruiyihongfa") (k)	22 July 2019	10,000	10,000	50%	–	Property Development
Shanghai Yuexia Enterprise Management Co., Ltd. (上海悦瑕企業管理有限責任公司) ("Shanghai Yuexia") (Note 40(a))	1 March 2019	10,000	–	100%	–	Property management
Hangzhou Juanheng Property Co., Ltd. (杭州隽恒置業有限公司)	22 September 2019	350,000	50,000	51%	–	Property Development
Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) ("Hangzhou Xiaoying") (Note 40(b))	13 January 2011	30,000	30,000	50%	50%	Property Development
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK") (b)	25 June 2007	USD10	USD10	100%	100%	Property and investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	100%	100%	Investment holding
Subsidiaries incorporated in BVI						
Faithful Gem Limited	18 September 2013	USD50,000	–	100%	100%	Investment holding
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	100%	100%	Investment holding

42 Particulars of principal subsidiaries (continued)

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2019 and 2018 (Note 20). For details, please refer to the table below:

	As at 31 December	
	2019	2018
Percentage of equity interests in Tianjin Ruisheng	**100%**	100%
Percentage of equity interests in Tianjin Ruihua	**–**	100%
Percentage of equity interests in Shanghai Ruice	**–**	51%
Percentage of equity interests in Shanghai Shenxin	**100%**	–

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties. They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) Ningbo Xiaoyong was owned as to 44% by the Group, 29% by Ningbo Weike Property Co., Ltd. and 27% by Ningbo Kaisheng Investment Co., Ltd.. The directors of the Group consider that the Group has effective control of Ningbo Xiaoyong even though it legally hold less than 50% equity interest in Ningbo Xiaoyong. This is because that the Group is the mainly shareholder of Ningbo Xiaoyong, Ningbo Weike Property Co., Ltd. and Ningbo Kaisheng Investment Co., Ltd. are following with the Group on all the substantive decision on the operating and financing policies during the life of Ningbo Xiaoyong based on agreement between the Group and each of Ningbo Weike Property Co., Ltd. and Ningbo Kaisheng Investment Co., Ltd. respectively, and there is no history of other shareholders forming a group to exercise their votes collectively. Ningbo Xiaoyong has a wholly-owned subsidiary, namely Ningbo Jingjun.

(d) Suzhou Ailide was owned as to 50% equity interests by the Group and an independent third party, Kunshan Harbour Investment Consultant Limited respectively. Based on the shareholder's agreement with Kunshan Harbour Investment Consultant Limited, Kunshan Harbour Investment Consultant Limited follows the Group on all substantive decision on the operating and financing policies during the life of Suzhou Ailide, the directors of the Group consider that the Group has effective control over Suzhou Ailide. Suzhou Ailide has three wholly-owned subsidiaries, namely Ningbo Gangcheng Business and Trading Co., Ltd., Ningbo Harbour City Business Management Co., Ltd. and Harbour City HK Business Management Co., Ltd..

(e) Wuhan Jiayuan was owned as to 40% and 60% equity interests by the Group and an independent third party. Based on the agreement between the Group and the independent third party, the third party are following with the Group on all the substantive decision on the operating and financing policies during the life of Wuhan Jiayuan, the directors of the Group consider that the Group has effective control over Wuhan Jiayuan.

(f) Shanghai Xiaoyi was owned as to 35%, 15% and 50% equity interests by Shanghai Jiayu, Shenzhen Pingjia and the Group respectively in 2016. Based on the concerted agreement with the independent third party, Shanghai Jiayu agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Shanghai Xiaoyi, the directors of the Group therefore consider that the Group has effective control over Shanghai Xiaoyi and its wholly-owned subsidiary, namely Ningbo Jingshen Property Co., Ltd..

In April 2019, the Group acquired an additional 15% equity interests of Shanghai Xiaoyi at a consideration of RMB15,000.

42 Particulars of principal subsidiaries (continued)

(g) In March and August 2016, two third party individuals, through a series of capital injection and equity transfer, invested in the Group's subsidiaries, Shanghai Jizhai Investment Holding Company ("Shanghai Jizhai") and Shanghai Pinzhai which are specialised in decoration design business. Their investments effectively diluted the Group's equity interests in Shanghai Jizhai and Shanghai Pinzhai to 34%, and the two third party individuals hold remaining 66% in total. However, the Group still controls Shanghai Pinzhai as the Group approves all the resolutions pursuant to the agreements between the three parties.

In August 2019, an independent third party injected capital contribution of RMB12,500,000 to Shanghai Pinzhai, after the transaction, the Group lost the control of Shanghai Pinzhai, and accounted for Shanghai Pinzhai as an associate (Note 11).

(h) Wuhan Yanzhuo was owned as to 40% by the Group, and 60% by an independent third party. Wuhan Yanzhuo is specialized in decoration design business. Based on the concerted agreement with the independent third party which agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Wuhan Yanzhuo, the directors of the Group therefore consider that the Group has effective control over Wuhan Yanzhuo.

(i) Shanghai Shenran and Shanghai Guicui were owned as to 30% by the Group and 70% by an independent third party respectively. Based on the concerted agreement with the independent third party which agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of these two entities, the directors of the Group therefore consider that the Group has effective control over the two entities.

(j) Hangzhou Jingqi was owned as to 60% by the Group and 40% by Shandong Trust. In accordance with the memorandum and articles of Hangzhou Jingqi, relevant activities of Hangzhou Jingqi require the unanimous consent of all directors. The directors of the Group consider that the Group has effective control of Hangzhou Jingqi and its wholly-owned subsidiary, namely Hangzhou Jingsheng, as Shandong Trust agreed to follow the Group on all the substantive decision on the operating and financing policies during the life of Hangzhou Jingqi based on agreement between the Group and Shandong Trust.

(k) Wuhan Ruiyihongfa was owned as to 50% by the Group and 50% by an independent third party. The directors of the Group consider that the Group has effective control of Wuhan RuiyiHongfa because according to the agreement between the two parties, the third party follows the Group on all substantive decision on the operating and financing policies during the life of Wuhan Ruiyihongfa.

42 Particulars of principal subsidiaries (continued)

(l) Summarised financial information on subsidiaries with non-controlling interests material to the Group.

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Non-controlling interests for		
– Taicang Jingshang	**51,526**	60,874
– Hangzhou Jinghang	**–**	67,179
– Shaoxing Jingming	**2,451**	180,845
– Suzhou Ailide	**25,001**	241,222
– Shanghai Xiaoze	**30,001**	76,905
– Shanghai Xiaopin	**–**	154,397
– Ningbo Xiaoyong	**52,666**	53,577
– Ningbo Xiangjun	**237,637**	190,283
– Wuhan Ruiqian	**389,113**	396,055
– Wuhan Jiayuan	**874,379**	891,758
– Hangzhou Jingqi	**119,230**	130,556
– Shanghai Guicui	**699,998**	700,000
– Shanghai Shenran	**699,998**	700,000
– Shanghai Xiaoyi	**35**	164,347
– Wuhan Yanzhuo	**43,573**	21,837
– Tianjin Ruijun	**164,847**	–
– Meishan Youyu	**93,122**	–
– Tianjin Ruijie Commercial Management Co., Ltd.	**77,515**	–
– Tianjin Ruidong Commercial Management Co., Ltd.	**72,485**	–
– Taicang Jinghui Business Consulting Co., Ltd.	**30,000**	–
– Other subsidiaries	**136,337**	96,320
	3,799,914	4,126,155

42 Particulars of principal subsidiaries (continued)

Set out below are the summarised financial information for the subsidiaries including Suzhou Ailide, Wuhan Ruiqian, Wuhan Jiayuan, Ningbo Xiangjun, Hangzhou Jingqi, Shanghai Guicui, Shanghai Shenran and Tianjin Ruijun that have non-controlling interests that are material to the Group, and the information below is the amounts before inter-company eliminations.

Summarised balance sheet

	Suzhou Ailide	
	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Current		
Assets	58,109	35,200
Liabilities	(574,035)	(118,285)
Total current net liabilities	(515,926)	(83,085)
Non-current		
Assets	673,780	673,523
Liabilities	(107,852)	(107,994)
Total non-current net assets	565,928	565,529
Net assets	50,002	482,444

	Wuhan Ruiqian		Wuhan Jiayuan	
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Assets	1,583,233	1,274,683	4,923,460	3,658,548
Liabilities	(619,569)	(142,514)	(3,244,031)	(1,383,313)
Total current net assets	963,664	1,132,169	1,679,429	2,275,235
Non-current				
Assets	9,117	969	41,869	3,029
Liabilities	–	(143,000)	(264,000)	(792,000)
Total non-current net assets/(liabilities)	9,117	(142,031)	(222,131)	(788,971)
Net assets	972,781	990,138	1,457,298	1,486,264

42 Particulars of principal subsidiaries (continued)

Summarised balance sheet (continued)

	Ningbo Xiangjun As at 31 December		Hangzhou Jingqi As at 31 December	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**646,136**	1,252,514	**2,311,989**	1,761,811
Liabilities	**(161,181)**	(867,755)	**(2,035,949)**	(736,105)
Total current net assets	**484,955**	384,759	**276,040**	1,025,706
Non-current				
Assets	**19**	3,574	**22,035**	685
Liabilities	**–**	–	**–**	(700,000)
Total non-current net assets/(liabilities)	**19**	3,574	**22,035**	(699,315)
Net assets	**484,974**	388,333	**298,075**	326,391

	Shanghai Shenran As at 31 December		Shanghai Guicui As at 31 December	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**999,997**	1,000,000	**999,997**	1,000,000
Liabilities	**–**	–	**–**	–
Total current net assets	**999,997**	1,000,000	**999,997**	1,000,000
Non-current				
Assets	**–**	–	**–**	–
Liabilities	**–**	–	**–**	–
Total non-current net assets/(liabilities)	**–**	–	**–**	–
Net assets	**999,997**	1,000,000	**999,997**	1,000,000

42 Particulars of principal subsidiaries (continued)

Summarised balance sheet (continued)

	Tianjin Ruijun As at 31 December 2019 RMB'000
Current	
Assets	353,776
Liabilities	(17,354)
Total current net assets	336,422
Non-current	
Assets	–
Liabilities	–
Total non-current net assets/(liabilities)	–
Net assets	336,422

Summarised statement of comprehensive income

	Suzhou Ailide Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Revenue	51,554	27,867
Profit before income tax	19,971	49,105
Income tax (expense)/credit	(5,249)	8,853
Post-tax profit	14,722	57,958
Other comprehensive income	–	–
Total comprehensive income	14,722	57,958
Profit allocated to non-controlling interests	7,361	28,979

	Wuhan Ruiqian		Wuhan Jiayuan	
	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	–	–	170	–
Loss before income tax	(20,467)	(10,691)	(38,449)	(11,306)
Income tax expense	3,110	829	9,483	2,823
Post-tax Loss	(17,357)	(9,862)	(28,966)	(8,483)
Other comprehensive income	–	–	–	–
Total comprehensive loss	(17,357)	(9,862)	(28,966)	(8,483)
Loss allocated to non-controlling interests	(6,943)	(3,945)	(17,380)	(5,090)

42 Particulars of principal subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Ningbo Xiangjun		Hangzhou Jingqi	
	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	1,198,101	–	–	–
Loss before income tax	157,854	(14,444)	(37,643)	(4,293)
Income tax (expense)/credit	(61,212)	3,556	9,327	675
Post-tax profit/(loss)	96,642	(10,888)	(28,316)	(3,618)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	96,642	(10,888)	(28,316)	(3,618)
Loss allocated to non-controlling interests	47,355	(5,336)	(11,326)	(1,447)

	Shanghai Shenran Year ended 31 December		Shanghai Guicui Year ended 31 December	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	–	–	–	–
Loss before income tax	(3)	–	(2)	–
Income tax expense	–	–	–	–
Post-tax Loss	(3)	–	(2)	–
Other comprehensive income	–	–	–	–
Total comprehensive loss	(3)	–	(2)	–
Loss allocated to non-controlling interests	(2)	–	(2)	–

	Tianjin Ruijun As at 31 December 2019 RMB'000
Revenue	–
Loss before income tax	(578)
Income tax expense	–
Post-tax Loss	(578)
Other comprehensive income	–
Total comprehensive loss	(578)
Loss allocated to non-controlling interests	(283)

42 Particulars of principal subsidiaries (continued)

Summarised cash flow statement

	Suzhou Ailide For the year ended 31 December 2019 RMB'000	2018 RMB'000
Net cash generated from/(used in) operating activities	**6,389**	(26,093)
Net cash used in investing activities	**–**	–
Net cash used in financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**6,389**	(26,093)
Cash and cash equivalents at beginning of the year	**10,081**	36,174
Cash and cash equivalents at end of the year	**16,470**	10,081

	Wuhan Ruiqian		Wuhan Jiayuan	
	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2018 RMB'000	**For the year ended 31 December 2019 RMB'000**	For the year ended 31 December 2018 RMB'000
Net cash generated from/(used in) operating activities	**20,491**	(141,923)	**(159,091)**	(510,206)
Net cash generated used in investing activities	**–**	(110)	**–**	(45)
Net cash generated from/(used in) financing activities	**–**	143,000	**(153,000)**	1,320,000
Net increase/(decrease) in cash and cash equivalents	**20,491**	967	**(312,091)**	809,749
Cash and cash equivalents at beginning of the year	**968**	1	**827,209**	17,460
Cash and cash equivalents at end of the year	**21,459**	968	**515,118**	827,209

42 Particulars of principal subsidiaries (continued)

Summarised cash flow statement (continued)

	Ningbo Xiangjun		Hangzhou Jingqi	
	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2018 RMB'000	**For the year ended 31 December 2019 RMB'000**	For the year ended 31 December 2018 RMB'000
Net cash (used in)/generated from operating activities	**(153,712)**	221,455	**611,950**	(984,329)
Net cash generated used in investing activities	**–**	–	**–**	–
Net cash (used in)/generated from financing activities	**–**	–	**(409,910)**	988,290
Net (decrease)/increase in cash and cash equivalents	**(153,712)**	221,455	**202,040**	3,961
Cash and cash equivalents at beginning of the year	**223,070**	1,615	**3,961**	–
Cash and cash equivalents at end of the year	**69,358**	223,070	**206,001**	3,961

	Shanghai Shenran		Shanghai Guicui	
	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2018 RMB'000	**For the year ended 31 December 2019 RMB'000**	For the year ended 31 December 2018 RMB'000
Net cash generated from operating activities	**3**	–	**2**	–
Net cash used in investing activities	**–**	(999,999)	**–**	(999,999)
Net cash generated from financing activities	**–**	1,000,000	**–**	1,000,000
Net increase in cash and cash equivalents	**3**	1	**2**	1
Cash and cash equivalents at beginning of the year	**1**	–	**1**	–
Cash and cash equivalents at end of the year	**4**	1	**3**	1

42 Particulars of principal subsidiaries (continued)

Summarised cash flow statement (continued)

	Tianjin Ruijun For the year ended 31 December 2019 RMB'000
Net cash used in operating activities	(336,626)
Net cash used in investing activities	–
Net cash generated from financing activities	337,000
Net increase in cash and cash equivalents	374
Cash and cash equivalents at beginning of the year	–
Cash and cash equivalents at end of the year	374

The information above is the amounts before inter-company eliminations.

43 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**2,797,003**	2,774,824
Financial assets at fair value through profit or loss	**230,038**	211,965
	3,027,041	2,986,789
Current assets		
Amounts due from subsidiaries	**6,132,844**	3,496,229
Cash at bank and on hand	**54,623**	19,104
Trade and other receivables and prepayments	**212,858**	249,614
	6,400,325	3,764,947
Total assets	**9,427,366**	6,751,736
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital: nominal value	**86,634**	86,634
Reserves (note (a))	**(992,957)**	371,023
Total equity	**(906,323)**	457,657
LIABILITIES		
Non-current liabilities		
Borrowings	**5,875,968**	5,380,570
Current liabilities		
Trade and other payables	**282,101**	87,819
Amounts due to subsidiaries	**168,862**	435,558
Borrowings	**4,006,758**	390,132
	4,457,721	913,509
Total liabilities	**10,333,689**	6,294,079
Total equity and liabilities	**9,427,366**	6,751,736

The balance sheet of the Company was approved by the Board of Directors on 14 April 2020 and was signed on its behalf by:

Yan Hao
Director

Chen Chao
Director

43 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Share premium RMB'000	Treasury shares RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019	**1,157,260**	**(5,848)**	**80,383**	**-**	**1,115,742**	**(2,364)**	**(1,974,150)**	**371,023**
Comprehensive income/(loss)								
Loss for the year 2019	-	-	-	-	-	-	(1,012,907)	(1,012,907)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year 2019	-	-	-	-	-	-	(1,012,907)	(1,012,907)
Transactions with owners								
Share award scheme (Note 33)	-	64	10,294	-	-	-	-	10,358
Share option scheme (Note 33)	-	-	-	3,181	-	-	-	3,181
2018 final dividend (Note 35)	(360,323)	-	-	-	-	-	-	(360,323)
Buy-back of shares	-	(4,289)	-	-	-	-	-	(4,289)
Balance at 31 December 2019	**796,937**	**(10,073)**	**90,677**	**3,181**	**1,115,742**	**(2,364)**	**(2,987,057)**	**(992,957)**
Balance at 1 January 2018	1,193,851	–	76,190	–	1,115,742	(90,384)	(1,169,504)	1,125,895
Changes in accounting policies	–	–	–	–	–	88,020	(88,020)	–
Restated balance at 1 January 2018	1,193,851	–	76,190	–	1,115,742	(2,364)	(1,257,524)	1,125,895
Comprehensive income/(loss)								
Loss for the year 2018	–	–	–	–	–	–	(716,626)	(716,626)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss for the year 2018	–	–	–		–	–	(716,626)	(716,626)
Transactions with owners								
Share award scheme (Note 33)	–	14	4,193	–	–	–	–	4,207
2017 final dividend (Note 35)	(260,794)	–	–	–	–	–	–	(260,794)
Place of new shares	261,266	–	–	–	–	–	–	261,266
Cancellation of shares	(37,063)	–	–	–	–	–	–	(37,063)
Buy-back of shares	–	(5,862)	–	–	–	–	–	(5,862)
Balance at 31 December 2018	1,157,260	(5,848)	80,383	–	1,115,742	(2,364)	(1,974,150)	371,023

44 Events after the reporting period

Same as disclosed below and elsewhere in the notes to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2019.

In March 2020, the Company issued the senior notes with principal amount of USD190,000,000, which were listed on the Singapore Exchange Limited. These notes are denominated in USD and due for repayment in March 2022 at annual interest rate of 12.75%.

In March 2020, the Group entered into a shares sales agreement with an independent third party, pursuant to which, the Group sold 100% interests of Shanghai Haopei Property Co., Ltd. at a total consideration of RMB476,000,000 including liabilities assumed by the independent third party of RMB220,765,000. Shanghai Haopei Property Co., Ltd. holds an investment property located in Beijing.

There has been an outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, the Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

45 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 14 April 2020.

1 Key data of income statement

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019** **RMB'000**
Revenue	5,759,116	15,051,277	15,668,404	11,268,203	**13,285,127**
Cost of sales	(5,585,933)	(14,440,998)	(13,150,265)	(8,721,010)	**(10,599,949)**
Gross profit	173,183	610,279	2,518,139	2,547,193	**2,685,178**
Appreciation/(Depreciation) of investment properties under office and apartment platform	–	–	38,760	388,051	**(21,474)**
Fair value gains/(losses) on investment properties under other platforms	203,255	81,059	(2,796)	54,708	**96,022**
Selling and marketing costs	(230,734)	(408,502)	(363,862)	(307,179)	**(385,575)**
Administrative expenses	(269,074)	(409,186)	(607,751)	(780,274)	**(606,562)**
Other income	89,338	79,763	290,656	68,338	**158,470**
Other (losses)/gains – net	(52,706)	964,323	136,051	228,830	**146,740**
Operating (loss)/profit	(86,738)	917,736	2,009,197	2,199,667	**2,072,799**
Finance income	38,487	46,124	59,630	53,343	**261,507**
Finance costs	(95,841)	(142,837)	(170,332)	(337,650)	**(526,987)**
Finance costs – net	(57,354)	(96,713)	(110,702)	(284,307)	**(265,480)**
Share of results of joint ventures	4,833	(35,978)	(70,164)	(47,324)	**170,409**
Share of results of associates	–	–	(8,001)	172,387	**172,148**
(Loss)/profit before income tax	(139,259)	785,045	1,820,330	2,040,423	**2,149,876**
Income tax expense	(150,049)	(621,621)	(916,398)	(737,532)	**(864,866)**
(Loss)/profit for the year	(289,308)	163,424	903,932	1,302,891	**1,285,010**
Attributable to:					
Equity holders of the Company	(352,696)	106,295	805,761	1,031,919	**903,591**
Holders of perpetual capital instruments	50,136	71,500	20,472	–	**–**
Non-controlling interests	13,252	(14,371)	77,699	270,972	**381,419**
	(289,308)	163,424	903,932	1,302,891	**1,285,010**

Five-Year Financial Information

2 Key data of financial position

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000	**2019 RMB'000**
Total non-current assets	2,513,401	5,251,927	7,967,327	9,933,699	**11,831,982**
Total current assets	26,910,970	32,790,006	31,209,859	37,948,896	**40,531,207**
Total assets	29,424,371	38,041,933	39,177,186	47,882,595	**52,363,189**
Total non-current liabilities	4,945,470	10,164,236	10,767,206	13,338,592	**11,099,251**
Total current liabilities	19,651,686	23,319,628	22,277,059	25,730,856	**32,157,188**
Total liabilities	24,597,156	33,483,864	33,044,265	39,069,448	**43,256,439**
Total equity attributable to:					
Equity holders of the Company	3,381,227	3,303,880	3,731,806	4,686,992	**5,306,836**
Holders of perpetual capital instruments	512,111	538,083	–	–	**–**
Non-controlling interests	933,877	716,106	2,401,115	4,126,155	**3,799,914**
Total equity	4,827,215	4,558,069	6,132,921	8,813,147	**9,106,750**

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